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WEST EUROPE REPORT

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EDITORIAL ON U.S., SOVIET VIEWS OF ZERO OPTION

PM011639 Rome LA REPUBBLICA in Italian 22-23 Nov 81 pp 1-2

[Editorial by Eugenio Scalfari: "Europe Option"]

[Text] The state visit to Bonn marks the start of the close encounter between Brezhnev and the West. It starts with one card less in the Soviet leader's hand--that of the "zero option," which was hitherto his exclusive province, but which now, following Reagan's speech the other day, has been skillfully stolen from him. The president's sally may well be propagandist, as even the most authoritative U.S. commentators admit, but it is not less effective for that.

In any case propaganda is an integral part of politics and diplomacy in a system of public relations now dominated by the major media. And one can be sure that from now on the major mass rallies for peace and disarmament will have to take the new U.S. stance into account. The pacifist movement will gain in equidistance and therefore in effectiveness. But apart from the propaganda used by both sides, how has the negotiating position of the two interlocutors and of Europe--the third and essential element in this complex and dramatic contest--changed?

For one thing, the following definite point has been established: Europe is no longer a "negligible quantity." A large proportion of both superpowers' efforts in recent months has been directed at "shifting" Europe: the USSR in an attempt to win it over to neutralism or at least to increase the disagreement within NATO; and the United States with the aim of muffling every dissonant voice within the alliance and bringing the European governments entirely into line with the State Department and the Pentagon.

Moscow's attempt has failed, nor could it have been otherwise, since the historical, political and economic conditions for a "Finlandization" of Western Europe are lacking. But the U.S. attempt has failed too--and this is a major new factor. Indeed, what has happened is that European pressure has obliged Reagan to make a 180-degree turn. It may be a propagandist change, as people say; but in politics words count and the U.S. administration is now committed to the president's new approach.

It will be recalled that back in late 1979, that is, on the eve of the NATO meeting which decided on the manufacture and deployment in Europe of the Euro-missiles, the suggestion was raised on some sides that the alliance governments

issue the proposal of a nuclear moratorium. At that time the suggestion was not taken up. If it had been, it would immediately have blunted the Kremlin's pacifist propaganda weapon and would probably have brought forward the start of the Geneva negotiations by two precious years.

Better late than never. But it must nevertheless be said that if at the end of 1981 the European governments have found the necessary vigor to exert compact and effective pressure on the United States, it is due not to a sudden far-sightedness and a sudden burst of autonomy on the European governments' part, but to the movement of pacifist opinion that has spread throughout Europe in the space of a few months and that is therefore the only real author of the change that has taken place first in the European capitals and now in the White House.

Now one "zero option" is lined up against the other, brandished at each other by Moscow and Washington, the Warsaw Pact and NATO. Is it a game of words? Or do different political and military proposals lie behind the identical slogans?

There is a difference--and a substantial one too. When Moscow talks about a zero option, it proposes the dismantling of all tactical and "theater" nuclear weapons, which means all the Euromissiles, the U.S. nuclear bombers stationed in European bases, the British and French nuclear systems and the missiles carried by U.S. and French submarines. In exchange for this "zeroing" on the West's part, the USSR declares its willingness to carry out a similar disarmament. It rejects the U.S. proposal as unacceptable, however.

The latter, as formulated by Reagan, has a considerably more limited substance: the dismantling of the Soviet SS-20s, SS-4s and SS-5s, in exchange for NATO's abandonment of plans to deploy the Pershing IIs and cruise missiles in Europe. If this first phase is achieved, it could form the basis for further phases of nuclear disarmament.

The USSR maintains that the U.S. proposal would meanwhile give NATO an overwhelming superiority, because Western Europe would cease to be under the threat of Soviet medium-range missiles, while Soviet territory would continue to be within range of the U.S. bombers stationed in Europe, the French and British missile systems and the missiles carried by NATO submarines.

Of course, Moscow deliberately forgets that it too possesses its own nuclear submarines (the recent Swedish incident reminded us of this, if we needed to be reminded) and that in any case if its territory were hit it could always respond with its strategic nuclear force, targeting it at will either at Europe or at the United States itself.

The United States rejects the zero option in the version espoused by Moscow, since in practice it would leave Europe denuclearized in the face of 20,000 Soviet tanks lined up along the iron curtain. But Washington, too, deliberately forgets that this denuclearized Europe would still be supported by the U.S. strategic nuclear system, with its powerful global deterrent force.

Whichever way you look at it, the two superpowers are both hiding behind a torrent of words, figures and acronyms, which form a reality that all we Europeans have begun to understand; and the reality is this: both sides would prefer, in the event of a nuclear conflict, that the conflict be limited only to the European theater, without it involving the two "sanctuaries," the two "home countries"--in short, without involving either the United States or the USSR. The nuclear bombs would fall on Western Europe on the one hand and Eastern Europe on the other. But this is the point: in military and strategic terms, is European Russia part of Europe or not?

The question is neither redundant nor rhetorical. In fact it embodies the real nub of the issue that has been troubling both governments and peoples in recent months. Indeed, the United States is separated from Europe by an ocean, which on the one hand increases the difficulty for NATO in providing an integrated defense, but on the other preserves U.S. territory from the threat of medium-range missiles. The USSR, however, borders Western Europe, which on the one hand facilitates any plans it may have for an aggression using conventional weapons and medium-range missiles systems, but on the other renders its European territories vulnerable to the Euromissiles.

If NATO deploys the Euromissiles, a limited nuclear war becomes possible for the United States, but not for the USSR, which would be within the Pershings' firing range. The USSR's only possibility of waging a war limited to Europe is one fought with conventional weapons or with "field" nuclear weapons, that is, warheads used by normal field artillery--and this is in fact the substance of the zero option advocated by Moscow.

As can be seen, it is enough to analyze the two proposals even slightly to realize that the aims of both sides are identical on the following point: both Washington and Moscow are anxious that any future war in Europe exclude their own territories. The diversity of solutions derives from the different geographical and therefore strategic positions of the two "sanctuaries."

Is it possible, despite these terrible difficulties, to start taking some specific step toward nuclear arms limitation? Is it possible to lessen the risk of Europe's becoming a battlefield, the object of "war by proxy" between the superpowers?

There is a possibility, and it is as follows: to establish an initial phase of negotiations that will take into account both U.S. and Soviet concerns and to establish a strict timetable for subsequent phases, which should lead to complete denuclearization and, at the same time, the balancing of conventional weapons between the Warsaw Pact and NATO.

The first phase would envisage the dismantling of Soviet medium-range missiles in exchange for NATO's nondeployment of Euromissiles and the withdrawal of U.S. missiles already on European territory. It should also halt further production of medium-range nuclear bombers on both sides.

The second phase should decide on the withdrawal of U.S. bombers from European bases or their transfer to the "European flag," if in the meantime [West] Europe has created its own autonomous supranational defense body. At the same time a balance should be established in conventional forces in Europe.

At the end of the second phase, the only nuclear deterrent force in Europe would be the French (or "European") force, while there would no longer be any Soviet threat aimed at Europe or any American threat deployed in Europe. As far as nuclear submarines on both sides are concerned, there can be no "European theater" negotiations, since the submarines belong exclusively to the two superpowers' military systems. As such, the problem must be dealt with within the context of the SALT negotiations.

Europe therefore has a major role to play. And a major role can and must be played now also by the East European countries in a position to do so. We have in mind Romania, Poland and Kadar's Hungary. And we have in mind the Western communist parties--the PCF and especially the PCI. Increased pressure from these forces in Moscow could considerably influence the Soviet negotiating stance.

The time has come to mobilize all European energies for peace and for safeguarding the continent. European political unity could even stem from this battle. Indeed, this battle can only be won if Europe is born. Otherwise it is a lost battle.

CSO: 3104/54

BUFALINI'S REPORT ON EUROMISSILES TO PCI DIRECTORATE

LD262120 Rome Domestic Service in Italian 1800 GMT 26 Nov 81

[Text] Another stand by the communist party on Euromissiles has emerged from the meeting of the party directorate. Report by Gian Battista Fenu:

Reagan's position in favor of the zero option and Bonn talks between Schmidt and Brezhnev can be considered as the first bud of possibly positive negotiations on the problems of disarmament and peace between military blocs. This was the view expressed a short while ago by Senator Bufalini at a press conference at the end of the 2-day meeting of the directorate. Yesterday, the directorate discussed internal affairs and convened the meeting of the Central Committee for the first 3 days of December to discuss the crisis in Italian culture and to propose a recovery project for the country. Today, the directorate devoted itself to the international situation with precise references to numerous hotbeds of tension in the world. A report was submitted in this respect by Bufalini himself.

The new stand adopted by the U.S. president--Bufalini called it "a 180-degree change of course"--was considered by the communist foreign affairs expert to be the consequence of the growing pressure exerted by the European public opinion and pacifist movements, as well as of the threat, feared by the U.S. administration, of almost certainly negative repercussions within NATO and of increased resistance by the U.S. public opinion if the U.S. Government maintained the initially rigid attitude which envisaged Europe as a possible limited theatre in case of a clash between the two blocs.

As regards the Bonn talks, Bufalini noted that Brezhnev in fact did not say anything new but simply repeated what had already been stated a few months ago by Soviet Defense Minister Ustinov, that the Soviet Union was willing to withdraw a not-negligible number of SS-20s from the East European theatre. Perhaps, Bufalini added, Brezhnev went a little bit further by saying that not dozens but hundreds of missiles would be withdrawn.

The PCI representative concluded his remarks on this point by emphasizing the necessity of maintaining in a state of alarm all pacifist movements in Italy and Europe in order to continue constant pressure until the nuclear threat has

been dispelled and defeated. It is now necessary, he observed, to undertake negotiations between the two sides to ascertain the actual position of the East and the West and what the actual density is of nuclear arms on one side and the other.

Noting that hotbeds of grave tension existed in several parts of the world--from the Middle East to Poland, Afghanistan and Latin America--Bufalini expressed particular concern for the situation in the Middle East. In his opinion, this is the most dangerous spot, especially after the failure of the Arab summit at Fes. It was in this connection that he launched a harsh attack on our government's foreign policy, emphasizing that Italy was the first country to offer its bases for the deployment of nuclear missiles and to announce its willingness to send an army corps to the Sinai peninsula. Other European allies and especially West Germany behaved quite differently, Bufalini observed.

CSO: 3104/54

FOREIGN MINISTER REJECTS UNILATERAL DISARMAMENT

The Hague ANP NEWS BULLETIN in English 18 Nov 81 p 1

[Text] Leiden, November 18--Foreign Minister Max van der Stoel told a gathering at the university here today that he emphatically rejected unilateral Dutch disarmament moves.

Unilateral steps would not lead to an autonomous Dutch security policy, but rather to an isolated policy which would thus lose significance and effect, the minister said in a lecture on topical affairs.

He recalled that in December 1979 NATO had opted for a parallel approach of modernisation and arms control, the 'two-track' decision to deploy 572 new nuclear missiles in Europe and start talks with the Soviet Union on a reduction of medium-range weapons.

'I felt and still feel that priority should have been given to the arms control approach. However, international reality is different and that is what counts,' the minister said, calling the two-track decision 'a datum.'

Mr Van der Stoel said that the cabinet's 'security agenda' envisaged improvement in political relations between East and West 'within the limits of what is possible and on the basis of the Final Act of Helsinki.'

Common Voice

He felt the West European countries should speak with one voice on political and military security aspects. They should try to prevent the United States and the Soviet Union from developing the means to eliminate their opponent at one blow, make clear that nuclear weapons are meant above all to prevent war and try to reduce the risks attaching to nuclear armament, he said.

The minister expressed 'great concern' at repeated statements by U.S. authorities that a limited nuclear war in Europe was a conceivable possibility.

Persistent and continuous consultations and negotiations on mutual arms limitation were 'the only way' to get out of the armament spiral, he said.

Mr Van der Stoel said the 'zero option' proposal showed the West was prepared 'to cancel its entire modernisation programme if the Soviet Union removed the threat of its nuclear medium-range missiles.'

DEMAND, SUPPLY, COST OF OIL FOR JAN-SEP 81

Rome RASSEGNA PETROLIFERA in Italian 16 Oct 81 pp 802-806

[Article: "The Energy Situation"]

/Excerpts/ Summary: The Italian oil situation in the first 9 months of the year was characterized by sales price levels inadequate to cover the costs of the products. This has hurt business economically and has accelerated the private sector's tendency to play an increasingly limited part in the country's economy.

Domestic consumption continued to contract (down 3 percent), a tendency that had already appeared in 1980.

However, the 1981 oil bill, unless costs climb even further, will worsen by about 50 percent over 1980 and reach 28 trillion lire.

Refining has shrunk still further (down 2.3 percent), mainly because of a sharp drop in production for foreign order accounts (down 33 percent). Use dropped to 52 percent of capacity.

Proceeds from sales were less than costs because the CIP [Interministerial Price Committee] was continually late in bringing domestic prices up to the European average and because the pricing method, which pegs prices to the cost of crude, was misapplied.

The market was therefore altered further, as the private sector shrank; as it produced less, more was imported. This weakens the stability and profitability of the system of supply by contradicting the principle under which most of the operators work.

Demand: Even though official figures are unavailable, it is estimated that energy consumption in the first 8 months of the year dropped by about 2.5 percent relative to the same period in 1980. This drop is less than the European average and was caused solely by a slowdown in economic activity (industrial production in the first 7 months of the year showed a drop of 4.5 percent from 1980).

Continuing the trend apparent at the end of the first 4-month period, petroleum consumption at the end of the first 8 months showed a reduction of 3 percent from the same period in 1980.

ITALIA - DOMANDA PETROLIFERA
(A) ('000 di Tonn.)

(B)	(Genn./Ago)		Vs. stesso periodo 1980
	1980	1981	
-Benzina auto	(C) 8.055	7.988	- 0,8%
Gasolio auto	(D) 6.365	6.815	+ 7,1%
Gasolio riscaldamento	(E) 7.250	6.535	- 9,9%
-Totali Gasoli	(EE) 14.839	14.686	- 1,0%
O.C. riscaldamento	(F) 2.020	1.960	- 3,0%
O.C. industria	(G) 9.310	8.220	-11,7%
O.C. Termoelettrica (I)	(H) 13.560	13.850	+ 2,1%
-Totale olio combustibile	(HH) 24.890	24.030	- 3,5%
- Altri prodotti	(I) 5.440	5.143	- 5,5%
* Trasferim. al sistema distribu. (J)	53.224	51.847	- 3,1%
Petrochimica (K)	5.140	4.735	- 7,9%
Bunkeraggi	(L) 2.835	2.678	- 5,5%
Consumi/Perdite/Cali (M)	4.477	4.210	- 6,0%
* Domanda (N)	65.676	63.470	
Aumento scorte presso consum. (O)	983	712	
* Totale consumi (P)	64.693	62.758	- 3,0%
(1) di cui Importazioni (Q)	3.471	4.931	+ 42,1%

ITALIA-STIMA FATTURA PETROLIFERA 1981
(R) (Con elementi di costo congelati ai valori attuali)

(S)	1980	1981	
		Genn./Ago.	Stima Sett./Dic.
Domanda mercato interno (Miloni di T.)	(T) 95.70 (1)	62,0 (1)	32,0 (1)
Costo Cif \$/Tonn. (U)	243,40	270,0	260,0 (2)
Cambio Lit/\$ (V)	856,33	1.108,0	1.160,0 (3)
Costo Cif Lit/T. (W)	200,750	299,160	301,600
Costo complessivo (Miliardi di L.)	19,200	18,548	9,652
(X)			28,200

(1) Domanda per bunkeraggi assunti al 50% per escludere quelle a navi estere, assimilabili ad esportazioni. (Y)

(2) Stima per il mese di settembre. (Z)

(3) Media UIC della settimana 21-25 settembre 1981 (ZZ)

- (A) Italy: Petroleum Demand (in thousands of metric tons)
(B) (January-August) 1980/1981; Percent change from the same period in 1980
(C) Automobile gasoline
(D) Automobile diesel fuel
(E) Heating diesel fuel
(EE) Total gasoline and diesel
(F) Fuel oil for heating
(G) Fuel oil for industry
(H) Fuel oil for electric power (see note 1 [Q])
(HH) Total fuel oil
(I) Other product
(J) Transfers to distribution system
(K) Petrochemicals
(L) Bunker crude
(M) Burned/Wasted/Evaporated
(N) Demand
(O) Consumption supply increase
(P) Total consumption
(Q) (1) Amount imported [from (H) above]
(R) 1981 FATTURA PETROLIFERA Estimates for Italy (with costs combined with present values)
(S) 1980; 1981: January-August; September-December estimates; 1981 estimate
(T) Domestic market demand (in millions of metric tons)
(U) Cost in dollars per metric ton
(V) Exchange in Italian lire
(W) Cost in Italian lire per metric ton
(X) General cost (in billions of lire)
(Y) (1) Demand for bunkering assumed at 50 percent to exclude that of foreign ships, assimilable to exports
(Z) (2) Estimate for December
(ZZ) (3) Average UIC [expansion unknown] for the week of 21-25 September 1981

The Petroleum Bill

As the preceding table shows, the country's scheduled domestic petroleum demand can be projected at about 28 trillion lire (up about 50 percent over 1980), assuming that the dollar cost of a barrel of oil remains at present levels.

The present estimate is slightly less than that of midyear because of the list price reductions of some kinds of crude, but this affects our supply structure only marginally.

Refinery Production

In the first 8 months of the year, refinery activity showed a further slight decrease over the same period in 1980 (use of productive capacity fell to about 52 percent).

This drop is the result of an appreciable recovery of production for domestic accounts and a further sizeable contraction in production for foreign accounts.

As the prospectus (Italian Petroleum Statement) observes, the petroleum balance in the first 8 months of 1981 was characterized by:

- fewer arrivals of crude;

- an increase in the importation of finished and semi-finished products (the latter may be best lumped together with crude);

- shrinkage in all forms of use, except for exports, which were favored by higher profitability on the European markets.

The Cost-Income Balance

The first 9 months of the year were characterized by a net difference between the recovery made possible by price levels and the cost of supplying crude. This difference was caused by both the CIP's restrictive application of the pricing method concerning the recovery of supply costs and the CIP's constant delay in allowing domestic price equalization on administered products (this caused an average loss of 4-5,000 lire a metric ton over the 9-month period).

Despite stability, such as a slight reduction in crude list prices* [note follows this paragraph], the dollar's increasing value caused a noticeable increase through August in the average cost in lire of imported raw materials and proportionally increased the costs not recovered in income (about 30 lire a kilogram on the average in the first 9 months of the year).

* Official quotations on some types of crude decreased after January; these types involve about 30 percent of imported oil: their effect on the average supply cost can be estimated by considering that the average FOB [fee on board] cost of a barrel of crude (favorably affected by requirements oriented toward lower-cost quality) dropped to \$35.30 a barrel in January to about \$34 estimated for September. This is, then, a reduction of about 11,000 lire a metric ton, which did not result in a corresponding lower cost of supply because it was more than made up for by a simultaneous increase in the value of the dollar.

It is estimated that the private sector alone lost about 500 billion lire.

The imbalance between costs and income remains, although the situation was alleviated somewhat in September; in the first week of October, for every barrel sold, the recovered cost was \$32 as opposed to a \$34 outlay on the crude.

Market Variations

The oil situation in the first part of the year had very negative effects on the private oil industry in Italy. The imbalance between costs and income made business increasingly uneconomical, especially for companies whose raw-material acquisition costs were highest, and a slowdown in operations was made necessary in many cases.

This malaise is underscored by a change in the various categories of operators participating in the market, which is evidenced by a further decline in the role of multinational and independent companies and an increase in the market share of consumer importers.

This market change is evaluated as causing increased costs for the country and, to a lesser extent, diversification and, therefore, increased security of supply.

A confirmation of this "change of rôles" can be found by examining the proportional distribution of the various groups of operators in importing crude.

There is a clear trend against the principle of a plurality of operators, and the existence of many operators is reaffirmed in the National Energy Plan as a guarantee of the security and economic stability of the oil supply.

Market Share [in percent]	1980	Jan.-Aug. 1981
Public corporations	39.5	39
Private corporations		
Multinationals	37.5	35
National independents	17	16
Importers	6	10
[Totals]	100	100

[Tables follow on next page]

BILANCIO PETROLIFERO ITALIANO

(A) (Milioni di Tonn.)

(A) Italian Petroleum Statement (in millions of metric tons)

(B) Jan.-Aug. 1981 provisional

(C) same period 1980

(D) Supply

(E) Crude (national and imported)

(F) Semi-finished imports

(G) Produced imports

(H) Use

(I) Transfers to distribution system

(J) Petrochemicals

(K) Bunkerage

(L) Consumed, Wasted, Evaporated

(M) Exports

(N) Demurrage (crude and products)

(O) Percentage of crude oil imports

(P) 1979/1980/Jan.-Aug. 1981

(Q) Public corporations

(R) Multinational corporations

(S) National independent corporations

(T) lire per kilo

(U) Italy: cost/income comparison

(V) Average cost of crude oil (FOB)

(W) Recovery in terms of crude

(*) [Note inserted on 2nd preceding page]

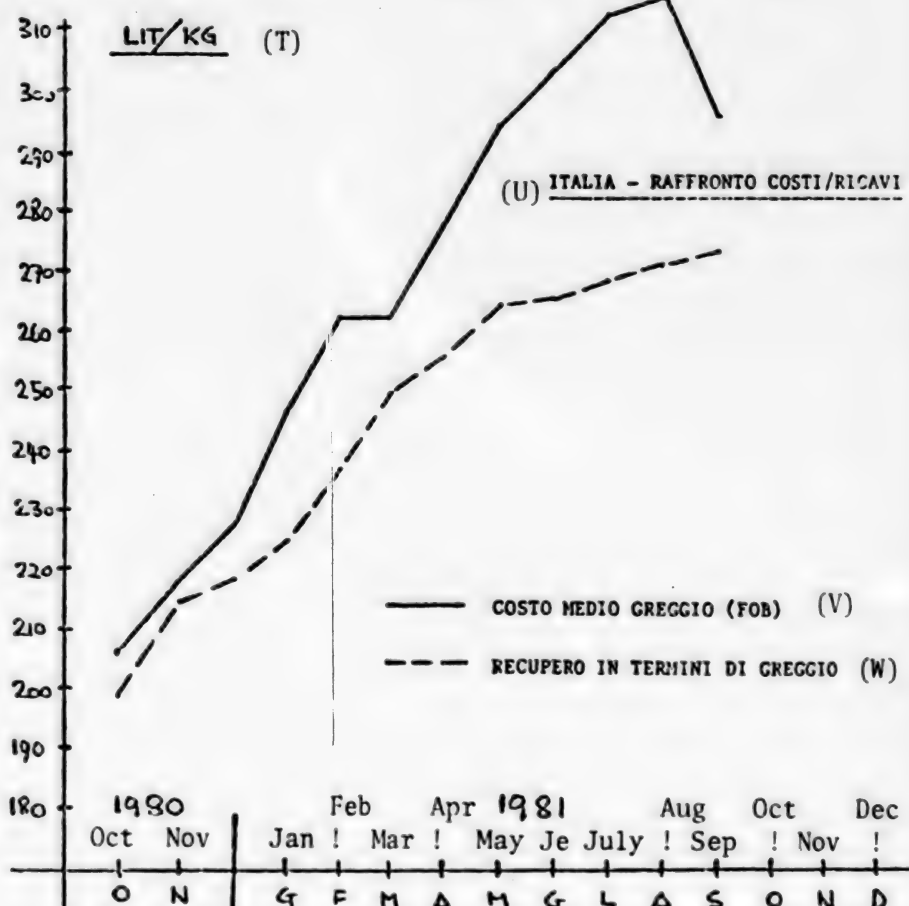
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	(B)	Genn./Ago. 1981 provvisorio	(C)	vs. stesso periodo 1980
Disponibilità	(D)			
Greggio (Naz.le + importato)	(E)	58,1		- 4,0%
Importazioni semilavorati	(F)	3,5		+ 13,3%
Importazioni prodotti	(G)	11,4		+ 7,1%
		73,0		
Impieghi	(H)			
Trasform. al sistema di distribuzione	(I)	51,9		- 2,4%
Petrochimica	(J)	4,5		- 11,8%
Bunkeraggi	(K)	2,6		7,1%
Consumi/Perdite/Cali	(L)	4,2		- 6,0%
Esportazioni	(M)	9,2		+ 19,5%
A giacenze (greggio e prodotti)	(N)	0,6		
		73,0		

(O) PESO % NELLE IMPORTAZIONI DI GREGGIO

	(P)	1979	1980	Genn/Ago. 1981
Imprese Pubbliche	(Q)	40,5	46,5	53,6
Imprese Multinazionali	(R)	36,5	41,0	36,3
Imprese Nazionali Indipendenti	(S)	23,0	12,5	10,1
		100,0	100,0	100,0



(*) Le riduzioni nelle quotazioni ufficiali di alcuni tipi di greggio intervenute da gennaio in poi interessano oggi circa il 30% della materia prima importata: il loro effetto sul costo medio di approvvigionamento può essere valutato considerando che il costo medio FOB di un barile di greggio (sul quale ha anche favorevolmente inciso una struttura qualitativa più orientata su qualità meno costose) si è ridotto da 35,30 \$/b di gennaio ai circa 34 stimati per il mese di settembre. Si tratta pertanto di una riduzione di circa 11.000 lire la tonn. che non si è tradotta in corrispondente minor costo di approvvigionamento perché ampiamente annullata dall'apprezzamento del \$ intervenuto nel frattempo.

DIREKCI DISCUSSES OIL SHORTFALLS, PROPOSED LINE TO IRAN

Istanbul CUMHURİYET in Turkish 15 Oct 81 p 8

[Article by Murat Demiray]

[Text] ANKARA AGENCY -- Turkey has an oil problem. No one denies this. This problem does not stem alone from the fact that we have to import liquid fuel at ever higher prices each year. A series of irregularities in the stages up to procurement, distribution and consumption of oil also contributes to the size of this problem.

Doubtless, there are those who have developed views and proposals for the elimination of Turkey's oil problem or the reduction of its negative effects. Proposals increased in diversification and number especially after the great oil crisis of 1973. How many of them have been put into practice, however, is debatable.

Hilmi Direkci, general secretary of the Union of Petroleum Products Employers [PUIS], is one who has developed a series of proposals for elimination of some oil-related problems. Direkci takes a practical approach to the problem because he is "in the business," presenting some proposals for putting oil administration on a sound footing, creating internal financing and obtaining liquid fuel. Direkci believes that solving the oil problem in Turkey requires a strong exploration fund and a strong administration. He contends, moreover, that building an oil pipeline from Tabriz to East Beyazit is an historic opportunity at present. Direkci says:

"We have an historic opportunity for buying oil through an oil pipeline from Iran today. We buy approximately 1 million tons of oil per year from Iran. This crude oil is hauled from the Persian Gulf at not less than \$10 per ton. If weather conditions at sea are favorable, it takes 52 days for this oil to arrive at the IPRAS [Istanbul Petroleum Refinery Corporation] refinery after going all the way around the African continent by the Cape of Good Hope and through the Strait of Gibraltar. After processing at IPRAS, it is again loaded on ships and sent to the Iskenderun and Trabzon ports. However, the distance between the Iranian city of Tabriz and East Beyazit is 300 kilometers. An oil pipeline would have tremendous advantages for both Iran and Turkey. At this time, we could easily make Iran's dream of opening a window on the Mediterranean come true."

5 Liras Each for Oil Exploration Fund

PUIS General Secretary Direkci maintains that with a 5-lira "exploration fund increment" per liter added to the price of petroleum products, Turkey's present "ridiculous appropriation" of 7 billion-8 billion liras for oil exploration would be raised to 100 billion liras annually. He says:

"The public cannot oppose this increase. Prices on petroleum products have tripled in the past 3 years. Even though we all complain about it, we have gotten used to living with this fact. Raising the price of a 69-lira liter of gasoline to 74 liras or a 38-lira liter of heating oil to 43 liras is not going to lower the standard of living, nor will it affect the economic balances."

Inadequate Storage

Another aspect of the oil problem is inadequate bulk storage. Turkey's total land and sea storage capacity today does not exceed 500,000 tons.

On the other hand, Turkey has 20,000 tank trucks for an 18 million-ton annual oil consumption. Direkci says, "This is a great waste." West Germany's oil consumption is 5 times higher than Turkey's, but the number of tank trucks it has is around 5,000, he notes.

There is no single mind behind oil affairs in Turkey today. Various irregularities occur because there is no direction. For example, anyone wishing to explore for oil in Turkey, whether foreign or native, can find no one to talk to. Direkci says the following about this:

"One of the biggest problems in oil affairs is, without doubt, the problem arising from the absence of an administration with full powers which can take full responsibility. The oil-related agencies under the Energy and Natural Resources Ministry are completely at odds with one another as regards authority and responsibility."

According to the PUIS general secretary, there are numerous examples of the conflicts and lack of coordination in oil administration. Direkci says that the lack of coordination stems from the lack of a fully empowered organization to take full responsibility, adding:

"The only solution to eliminate all the oil-related drawbacks and to ensure the sound and steady functioning of oil affairs is to have an undersecretary for oil affairs attached directly to the prime minister's office, having full powers and a strong, permanent status allowing him to take full responsibility alone."

8349

CSO: 4654/37

KRASUCKI ON BUDGET, CGT CONGRESS, POLICIES

Paris L'HUMANITE in French 7 Oct 81 p 5

[Report by Henri Krasucki to the National Confederal Committee of the CGT: "The CGT, Prime Architect of Change Among the Unions"]

[Text] In his report, Henri Krasucki evaluated the 4 months of work with the leftwing government. The 41st Congress is scheduled for June 1982 in Lille.

The National Confederal Committee (CCN) of the CGT, which includes the members of the executive commission and the secretaries of the federations and departmental unions of retirees and administrative personnel, has been meeting since yesterday morning in Paris and will conclude tomorrow evening. Current social problems and the work of the CGT as well as preparation for the 41st CGT Congress, which will be held in Lille from 13-19 June, 1982 are on the agenda.

Henri Krasucki presented the report on behalf of the Confederal Bureau.

On the subject of current problems, the secretary of the CGT declared first of all:

"A vast economic, social, and political field of action has been opened. Work has begun in a number of areas.

"The general direction and trend of what is happening has led us to form an overall favorable opinion and to find a starting point for fruitful union action for workers as well as the country.

"This does not in the least prevent us from seeing or saying what is not right, or not sufficiently right in terms of what is possible, and, therefore, from taking measures to remedy this and coming up with something better.

"This is why we emphasize union action and the action of the workers so much.

"For the here and now and the short term, in the midst of a number of measures which we find encouraging and although many things are moving in the right direction, we must definitely point out our serious concerns and what, in our opinion, is not right."

Some Concerns

Devaluation was among the concerns Henri Krasucki pointed out. Although understanding its justification which resulted for the most part from the legacy left by Giscard, the speaker explained, "The reactionary parties were using devaluation to reduce the purchasing power of workers and those of humble means and to increase profits.

"A leftwing power should act differently. It would be socially unjust and economically dangerous to curtail, in whatever fashion, the purchasing power of workers and, to put it bluntly, this would not be acceptable.

"The fight against inflation," he continued, "cannot be divorced from the fight against unemployment." In this regard he recalled the CGT's proposals.

"We believe that what has been proposed in this area to date does not go far enough, especially after the devaluation."

"More should be taken from the wealthy and from monopolistic profits."

The budget is a second area for concern. "As far as prices, the financial system, and other areas go, there are serious deficiencies."

"We will work for an improved budget, which will leave enough room to make 1982 a better year economically and socially."

"There are also things which are not all right," Henri Krasucki said and cited salary measures. "All workers must see their real purchasing power maintained and low and mid-level salaries and pensions must be improved."

"The government has set the SMIC [Interoccupational Minimum Growth Wage], as well as wages in the public sector and in a certain number of national firms, too low."

"However, it is still possible to correct the situation, and we are available to discuss it quickly."

"It is proper to organize, within appropriate measures, the expression of the worker's will in this area."

Obstacles

"There are," he continued, "certain obstacles which must be eliminated more quickly. It is not surprising that management is opposed to progress, although that calls for the necessary firmness [line missing], but it must also be realized that there are governmental requirements and delays which constrict effective action. This must be corrected.

"Finally, and above all, you cannot ignore the fact that at different levels of responsibility of various management boards, banks, and other nationalized firms, people are clinging to the past and are firmly opposed to the enforcement of positive measures which have been approved."

"When a policy has been democratically determined, when positions and decisions have been decreed, they must be enforced."

Some Concrete Results Already

Henri Krasucki declared that the CGT had noted in the president's press conference and in other statements "observations which echoed our concerns on these questions. We hope that this will be followed by actions.... As for us, we intend to contribute in the best of spirits."

In a number of fields there are concrete results which should be appreciated: Amnesty, the creation of jobs, a new negotiating style in the public sector, and the beginning of an industrial development policy. "These things should be taken into account."

Finally, workers are faced with a certain number of important reforms, already under way or planned, which have significant consequences: Decentralization, nationalizations, new rights, lowering the retirement age, reduction in work hours, continuing education, and democratic reform of the Social Security system and of the health system.

"The prime minister has announced a plan to fight unemployment," said Henri Krasucki. "We have begun to talk about this. We believe that this could be something very important."

"...We will follow all the discussions which will soon come up, and will emphasize the efficiency of creating jobs and ensuring means of control for workers and unions, and examine statutory or collective bargaining guarantees for all categories of workers in question."

"We definitely want to adopt the style and dynamism which will be necessary to obtain the best results and strengthen the CGT."

Approaching the 41st Congress

The second part of the report was concerned with preparation for the 41st Congress, of which the CCN must provide a preliminary outline. The overall work of this session will serve as the basis for the discussion.

"The Congress is 8 months away. In accord with a democratic practice already solidly established, the great debate which systematically takes place over many months within the organizations or publicly in our press will be based on a draft document collectively prepared and presented by the Confederal Executive Commission."

The main themes of consideration will be determined by the CCN, and on the basis of this the Executive Commission will draw up a draft position paper which will be submitted to discussion.

"We thus are undertaking an active, dynamic, uninhibited preparation involving the entire CGT. This is how it should be, in accord with the democratic rules of our organization."

The present report to the CCN organizes the CGT's considerations into six headings: From the 40th to the 41st Congress; emerging from the crisis; the CGT working for change; unity in union action; international action; and the CGT in the eighties.

Henri Krasucki pointed out that the general idea of the 40th Congress emphasized the increase in the desire for change and in workers' refusals to be subjected to austerity and unemployment.

"Three years later, those are the facts.

"The increased discontent, the fights that we have encouraged, and the ideas that we have helped stir up and debate have all effectively resulted in a rejection of the owners' policies and of reactionary parties in power. Universal suffrage has beaten and disowned Giscard, the Right, and the owners."

The Left is in power, under the conditions that the voters wanted. A set of democratic reforms has been initiated.

"Of course, all of this is happening within a complex situation which is in many ways contradictory. We are now involved in a new process which can lead to truly profound changes. We should therefore be able to foresee, within this perspective, the conditions for CGT action both in the immediate future and in the years to come.

"Have we faithfully adhered to the mandate given us by the 40th Congress?" asked Henri Krasucki. The final reply will be given by the 41st Congress, but "on the whole, yes, we have implemented the policy of the 40th Congress, we have fought in the direction it set forth on the basis of its programs and its ideas. We have done this in relation to actual events to which we have greatly contributed, and we have done this with union partners as they are presently constituted, as well as with various political partners within the framework of our respective policies and positions and their changes.

"We have not done this without problems or debates, which is natural, nor without mistakes--who can boast of not having made mistakes?--but throughout these 3 years, all the struggles, all the proposals, all the important deeds that the CGT was responsible for were done in a timely manner and in the spirit of the 40th Congress."

The CGT has definitely been the union force which contributed the most to the creation of the new situation. "Present at the rendezvous with victory, the CGT is the primary union shaper of the new trend. We are doing all this while remaining ourselves, as grass roots union faithful to our policy positions and class conceptions."

Emerging From the Crisis

Emerging from the crisis through change and transforming society is another area for reflection. Henri Krasucki recalled the analyses of the crisis made by the CGT, which was the first to call for "a French industry" in the face of the political mess and confusion. "We are in a position of making important things happen." Referring to the last Congress, the secretary of the CGT offered some solutions: Assuring employment and a normal standard of living; eliminating the inequalities and incoherences of the capitalist system; giving more responsibility to workers; and installing real democracy everywhere.

"In our opinion," clarified Krasucki, "change is a struggle," He then examined what the class struggle is under the new conditions. Capital has still retained enormous power; there are still hesitant forces in the political and union left; and there is the impact of the international environment. The CGT is continuing to work to advance workers' class consciousness. It will propose solutions entirely independently and encourage employees to take their fate into their own hands.

The CGT has never said that it must get everything right away.

"In some cases it will be a big step, in others a more limited progress that will result in an effective improvement while taking the whole into consideration."

"This is the method of action that we are beginning to implement."

He is pleased with the constitution and with the development of UGICT [General Union of Engineers, Administrative Personnel, and Technicians] for administrative personnel and technicians and with UCR [Confederal Union of Retirees] for retirees.

Public Unity

More than ever before the CGT is declaring itself "for unity in action at all levels and is maintaining its hopes for union unity." But unity in action presumes sufficiently similar positions.

"We are taking into account what exists. We have adopted and are maintaining an open and realistic attitude, not to resign ourselves to the present situation but to advance unity in action and other things."

"In other words, all proposals should be publicly discussed in order to define objectives and means of action with workers and with all organizations that are interested, at all possible levels, first in firms where an agreement can be reached about the subjects, but without ever submitting the proposals to a preformulated agreement."

The political expression of change is the responsibility of the leftist parties.... "We will accept convergent opinions as long as they are for real, and we hope that they will increase among everyone and among all organizations. That said, the criteria for our relationships with each organization depend on realities."

"Lately we have seen serious attempts to return to the cold war through the policies of the Reagan administration," Henri Krasucki continued while touching on international subjects. He pointed out that the CGT is involved in the struggle for disarmament.

He emphasized that the CGT intends to develop relations with unions in neighboring countries regardless of their conception of union or policy positions. The same holds true for the union movement throughout the world. "We are following with interest, understanding, and independent judgment the progress towards a democratic renewal in Poland and towards a renewal of its union movement. But on the basis of that we will not draw a simplistic and inexact conclusion covering all experiences which are in reality quite diverse."

The CGT of the Eighties

The end of Henri Krasucki's report is devoted to "the CGT in the eighties."

"The best guarantee for change," he said, "is that the workers have the CGT that they need."

"Things are moving every day and as of now, with the rights already won or that we can win through dynamic proposals, we must establish ourselves, gain a foothold everywhere, develop union life and generally measure up as we should in order to accomplish everything rapidly."

Krasucki encouraged members to think about the weaknesses and deficiencies of the union. In the course of the past 3 years the CTT has experienced a decrease in members and fluctuations in employee elections. "Union life is built on daily events."

"The basis of our activity, our way of life, is the members, elected or not, who have responsibilities and act on the workplace where they conduct themselves like the CGT should conduct itself with the workers."

Union democracy requires a long development. "The most direct democracy possible is that which allows the best contact with members, collective reflection, and decision." He noted that the originality of the CGT is its diversity and right to divergence of opinion, including the right to express it publicly. However, categorical positions are foreign to it. "You must know how to be a majority...and a minority."

"We are going to work together," he concluded, "with all our organizations, all our members, all those that we will put to work. The CGT will be something it has never been before, because it has never had the chance. An all-round CGT, enterprising, alive, uninhibited, faithful to itself and its concepts."

9720

CS0: 3100/98

FINANCE COMMITTEE'S GOUX EXPLAINS NEW ECONOMIC THEORY

Paris LE NOUVEL ECONOMISTE in French 26 Oct 81 p 67

[Article "A New Economic Theory" by Christian Goux]

[Text] The change desired by the French lies mainly in the economic sphere. Everyone is aware and realizes that success or failure in this field will mean the success or failure of the whole government policy.

And it is in this field that the confrontation is boldest, because the Socialists are turning their backs on the previous policy on employment, prices, and currency.

Our policy can be summed up in one great principle: One cannot, in an economy as complex as that of France, attack either inflation or unemployment to the neglect of the other. The only effective approach is the simultaneous one.

This means that we cannot seek to beat inflation by making unemployment increase. Some countries at the present time are applying such a policy. In a country like France, where the mechanisms of indexing are firmly anchored in habit, this would be a dead end.

But it also means that a drop in unemployment must not be obtained by a rise in prices, for this would jeopardize the competitiveness of the economy, and the improvement would be of short duration.

How is all this translated in the economic and financial policy of the government?

In employment, first of all, by a policy of renewing public expenditure suited to reviving the economy. Contrary to the currently fashionable monetarism, the government wants to show that public spending can be an effective weapon if it is well conceived: A 27 percent increase in spending, a net additional increase in the GNP of 1 percent, and priority to everything which affects employment: Aid to hiring, credits from the Business Activity Fund, aid to industry, revival of housing, and conservation of energy. All these expenditures form the basis of the 1982 budget, and they are compatible with a deficit of 95 billion francs, which is still the lowest of all the large Western countries, except for the United States.

On inflation then, the golden rule of the matter is the accounting equation "cost = productivity + price." This means that any increase in cost which is not compensated

by an improvement of productivity results in inflation. No anti-inflationary policy escapes this truth. The previous policy failed by not respecting it: By encouraging the struggle against the increase in real wages, it created the conditions of a stagnation of economic activity which made productivity gains all the more difficult.

But productivity without economic growth means unemployment. One must therefore revive growth in order to limit inflation. The 1982 budget is built around a growth forecast of 3.3 percent, or 1.5 percent more than the average of our partners. To limit inflation to 10 percent annually by the end of next year will be easier with rapid growth.

Concerning currency, finally: The role of a country is proportional to the value of its currency. But a strong currency cannot be decreed. It earns it through the quality of industrial specialization; i.e., through the quality of the products it sells and through the limits which can be set on the dependence on imported products.

Good examples in this field are those countries with the highest industrial performance, Germany and Japan. These combine very good export results with an efficient control of their internal market. And they are countries where planning procedures are genuine, where the collective interest is taken into consideration as a criterion of decisions within the great industrial groups, where bank centralization is a reality. The goals are those which are sought by the government through the nationalizations.

The preceding is the result of government action. But the government cannot do everything by itself. New behavior by economic agencies is necessary in order to solidify the change which has occurred. Neither the inevitable difficulties of implementation nor the resistance observed should make anyone doubt the government's will.

6108

CSO: 3100/94

SAINT-GOBAIN MANAGER EXPLAINS NATIONALIZATION SUPPORT

Paris L'UNITE in French 30 Oct 81 pp 2,3

[An interview with Jean-Pierre Acloque, by Michele Kespi: "Saint-Gobain: Nationalization as Seen by a Labor Union Executive"]

[Text] What is the attitude towards nationalization inside the nationalizable companies? Jean-Pierre Acloque, 46 years of age, an executive at Saint-Gobain and CFDT [French Democratic Confederation of Labor] secretary of the establishment committee at headquarters, answers this question, as well as a few others, for L'UNITE.

[Question] Perhaps you could explain your position and your functions in the company?

[Answer] I am employed by Saint-Gobain-Vitrage [Glass]. This company is not very old (it was established in the beginning of 1979) and it employed 6,028 persons on 1 January 1979, as compared to 4,393 in August 1981.

[Question] How is Saint-Gobain-Vitrage related to Saint-Gobain?

[Answer] It is 100 percent a subsidiary.

[Question] So it is directly affected by nationalization?

[Answer] Yes, that is, the only shareholder of the holding company is the government, and since the holding company is the only shareholder of Saint-Gobain-Vitrage, the control is total.

The Saint-Gobain-Vitrage Company has two activities: production and marketing in France and the area I work in which is coordinating the "sheet glass" business throughout the world, so for foreign subsidiaries in the same field in Brazil, Germany, Belgium, Italy and Spain.

[Question] Exactly what do you do?

[Answer] I am in charge of coordinating the research and development of construction materials.

[Question] To clarify your position for our readers, could you be called an executive?

[Answer] According to INSEE [National Institute of Statistics and Economic Studies], yes, but in the company's own language, no.

[Question] What is your title in the company?

[Answer] I am a department head. In my job I don't give any direct orders to people, but I am responsible for convincing them to act in a certain way.

[Question] How long have you been there?

[Answer] I have been with this company since I started working, i.e., since 1962. I have been in France since 1969. A good part of my career was spent in Germany, in the group.

[Question] This is therefore a company that you know very well and you will perhaps be able to answer the questions people are asking. In Saint-Gobain, for instance, or in Saint-Gobain-Vitrage, more specifically, what were the reactions of workers to the nationalization?

[Answer] The situation of the company is a little unusual: it has suffered a great deal from organizational reforms in the past 2 years. I said a minute ago that 25 percent of the personnel had disappeared in 2 years.

[Question] How did that happen, by economic cutbacks?

[Answer] Yes. There were employees taking early retirement with guaranteed income, and finally people leaving under "licenciement economique" [discharge for economic reasons] at 56 years and 3 months, also with guaranteed income. There was even an agreement with the National Employment Fund in one factory for retirement at 55 years of age. There were layoffs, too.

[Question] What do you mean?

[Answer] Well, people who were laid off at 40 or other ages.

[Question] For what reason?

[Answer] Economic. This was rejected by the factory inspection office, but the ministry accepted it. Finally, less than 10 actually occurred because the people found other jobs. But there was an unusual atmosphere. And what was particularly noticeable, much more than the nationalization, was the difference in the attitudes of the government and the factory inspection office...after 10 May. This was especially apparent at Chalon-sur-Saone, a factory employing 150 persons which was supposed to close down. The entire process was initiated, the decision was made. But it has still not been closed today, and no one knows exactly whether it ever will be. This has no direct connection to the nationalization, but it is just as important!

[Question] Thus there has been a change in atmosphere that everyone is aware of?

[Answer] Yes.

[Question] As for the nationalizations themselves, I assume that there were reactions all the same?

[Answer] Yes. When people talk to me, they say: but you must be in favor of nationalization? I in fact had an opportunity in the central committee (it met right after 10 May, around 25 May) to see both the CGT [General Confederation of Labor] and the CFDT come out in favor of nationalization, and of having it occur as fast as possible.

We had an opportunity to state our position in favor of nationalization. Thus, afterwards, everyone knew my stand and, in view of this, people were asking me, for instance: "Can you explain how this is going to reduce the bureaucracy?", and so forth. This showed that there was a certain concern over inefficiency among the personnel at headquarters. This was the initial reaction.

Then there were some very indirect reactions. We have to go back a bit in time to understand them.

In 1978, there was a whole period of time during which people thought that the Left could win the March 1978 elections. I think that in the Saint-Gobain group, management was expecting to be nationalized and it was more of an unpleasant surprise when they discovered that nothing was happening. They had no alternative policy! Management found itself sort of caught without plans. Its projects, especially in 1977, were based on nationalization after 1978, or in other words it was counting on the fact that industrial policy would be defined jointly with the government and that it did not really have to worry about it very much. When the Left did not win the elections, there was a time when it was floating-- which lasted for quite a while, up to the publication of the Nora-Minc report in the middle of 1978 and the reorganization of the group in the direction of computers.

The "old" industries, Pont-a-Mousson as well as the former companies of the Saint-Gobain group, suffered a little from this disaffection. The new measures show great promise, and from this standpoint nationalization is appreciated.

[Question] What do you expect? A new injection of life?

[Answer] Yes. Very little was invested in those old industries which were regarded as industries of little interest, except that they brought in money and they still do! The leaders of those companies have the impression that this will not continue for very long if investments are not made. These old traditional industries do, however, need to be competitive internationally, etc. Otherwise, they will not be the workhorses, as they are called, for very long, but will become horsemeat.

[Question] So nationalization is a driving force in people's minds?

[Answer] Let's say that it would make it possible to rechannel investment to these traditional industries instead of paying for the president's "dancer."

[Question] Have white-collar workers or management reacted in any particular way?

[Answer] Our companies are highly decentralized in principle: Saint-Gobain-Vitrage (6,000 employees in comparison with 140,000 to 150,000 employees in Saint-Gobain-Pont-a-Mousson) is quite small! In theory, the group heading this company is responsible for its policy. But this is just in principle. Important business, investment decisions and also industrial policy and research and development, everything involving the future is actually discussed and then decided on by the group's management. That means that there is someone overseeing, a financial director, and people setting industrial policy for the various entities. People expect the overseeing body to change but not to disappear.

[Question] Are you of the same opinion?

[Answer] Yes. I think that in investment, for instance, or in the general direction of research, there will be no changes and that orders will still be handed down from the level above. In the area of social policy, however, there will be changes. Before there was good management, that is to say it was profit-motivated and people were allowed to do more or less what they wanted. I think that here there will be differences.

This is what happened before. During the time of the previous Saint-Gobain company, it had a certain social image which was somewhat similar to Renault's in other fields. For the past 10 years or so, that is no longer the case, and you don't hear about that any longer. There were business agreements that were very interesting and pretty much on target in relation to what was happening in private industry; for the past 5 or 6 years, though, nothing more has happened along those lines. Thus people are expecting to regain the benefits they had in the past.

[Question] By closer planning?

[Answer] Yes, because of a new social policy--which no longer exists now.

[Question] Have you also noted the reactions abroad?

[Answer] Yes. Rather interesting reactions--in the United States, first. We do not have any subsidiaries in sheet glass in the United States, but we have suppliers, suppliers of materials, etc. I met people who asked questions, but who in the final analysis were not very concerned. Contrary to what is often said, the fact that Saint-Gobain is nationalized does not alarm them.

[Question] And what about the other countries you have dealings with?

[Answer] I had a meeting last week with a manager of a foreign subsidiary. He told me that foreigners in general felt that the nationalization could lead our group to make decisions in favor of the local French companies, to the detriment of local foreign companies. You must bear in mind the fact that in sheet glass, Saint-Gobain is a little different from other multinationals, in that production is entirely decentralized. Each country has the same production units, aside from a few rare exceptions, and is responsible for its national market.

[Question] Which countries show this concern the most?

[Answer] I haven't been to Spain recently, so I can't speak for that country. But the feeling is rather widespread in the other countries.

[Question] The other countries?

[Answer] Italy, Belgium, Germany....

[Question] Are they more concerned than the United States?

[Answer] Yes, but in the United States the problem is not the same since there is no production unit. A French national company will not have any power over the people I met in the United States, whereas it will have power over the Italians, Belgians and Germans.

For instance, people are expecting a lot of problems in Germany as a result of co-management. It so happens that the sheet glass companies (and I assume this is true for other companies belonging to the group in Germany, as well) are large enough to be part of the co-managed firms that we have seen since the Socialists came to power. Under this system, decisions are made jointly by workers and management participating in an oversight board on which capital and labor are equally represented. Paradoxically, capitalism is going to be represented by delegates from a nationalized French firm. Thus there could, very indirectly, be confrontations between the German Social Democrats on the one side and the French Socialists on the other. This could be interesting to follow....

[Question] In summary, we could say that in French firms to be nationalized employees are not terribly concerned, that nationalizations do have an effect, that the United States' reaction is calm, but that other countries have shown more concern?

[Answer] Yes, and it is not the change of capital that is important. The fact that the exclusive shareholder changes is not regarded as a determining factor, but the change in the nature of the power in the firm is of interest to everybody. In France, for example, people are delighted with the social changes that could occur, especially at the level of human relationships....

And we as unionists realize that it is up to us to make specific proposals in the factories to bring about the changes.

[Question] After having been in the opposition for years, a complete change in union procedures will be needed, won't it?

[Answer] Well yes.... We will have to use our imagination. Before we were always "reacting": the management in the firm acted and made the proposals, and we reacted. We had no choice. Now we will have to learn to be constructive in our demands: it is no longer a question of trying to find a way through the net, but of trying to change the net! In short, it almost amounts to changing our trade.

9805

CSO: 3100/105

EFFECT OF GUILDER REVALUATION ON ECONOMY

Amsterdam ELSEVIERS WEEKBLAD in Dutch 17 Oct 81 p 27

[Commentary by Prof Dr C. J. Rijnvos: "Revaluation Compels Reconstruction of Economy"]

[Text] The reactions to the revaluation of the guilder were indeed not entirely favorable. The Central Planning Bureau (CPB) calculated that an internationally more expensive guilder would constitute a brake on exports, as a result of which unemployment would be increased by 10,000 to 15,000 persons. That is no favorable prospect, in a country which already has more than 400,000 unemployed. Various political commentaries agreed with this. They used such terms as "a bad business," "disastrous" and "an unfortunate decision." A balanced judgment compels one to place the revaluation decision in a broader framework than has hitherto been generally done.

The criterion for judging the recent measure concerning the rate of exchange is the effect it will have on the economy of the Netherlands in general and on job opportunities in particular. In order to analyze this effect it is advisable to proceed from the situation of the current account in our balance of payments at the present time. This account is--after a number of years with rather sizable deficits--quite positive at the present time. For 1981 the CPB expects a surplus of 2 billion guilders (the surplus in the first half of 1981 already amounts to 2.56 billion guilders). For 1982 the CPB expects a surplus of 10 billion guilders. The 1982 budget bill mentions four reasons for this favorable development of the current account: (1) the increase of the natural gas profits as a result of the renegotiation concerning the export agreements (Spierenburg effect), the increase in the price of oil and the increase in the rate of exchange of the dollar; (2) an improvement of the competitive situation in the years 1979-1981 by a small increase of the wage costs per unit of production in comparison with foreign countries; (3) some curtailment of the expenditures in consumption, in particular in import goods; (4) a limited import of capital goods as a result of the lag of investments in connection with the economic stagnation.

The sizable surplus in the current account cannot be judged entirely favorable, in view of these four causes: the fourth factor in particular is a questionable matter. In judging a balance of payments it is simply necessary to also consider its significance for industry and employment, *inter alia*. A higher level of investment and a smaller surplus in the current account is undoubtedly preferable to the present situation. It is desirable that the future course of affairs develops in this way. The question now is specifically whether the revaluation may perhaps be a stimulus in that direction.

The prognosis of the CPB was based on reasonably stable rates of exchange, such as those which developed in Western Europe at the end of the 1970's. At the present time the situation has three important characteristics: (1) the interest rate is in general very high. To quite an extent this is a result of the monetary policy, such as is being carried out in Great Britain and the United States. Furthermore, the high inflation in foreign countries tends to drive up interest rates; (2) in various countries with a weak economic structure, such as Belgium, Denmark and Italy, the currencies came under potentially strong pressure. France followed, for economic policy reasons. Until recently this still did not compel rate-of-exchange adjustments, because, with an artificially high level of interest, the external value of the currency was reasonably successfully defended. The high rate of interest served as a brake on the export of capital or encouraged some import of capital, so that, in spite of precarious developments, the relationships of the rate of exchange somehow remained intact; (3) behind a concealing high level of interest there thus developed great national economic-structural differences, which are expressed particularly in differentiated levels of inflation. That situation can be maintained only for some time. At a certain moment the veil of interest disappears and we are confronted with the fact that, on balance, rates of exchange are dependent in particular on the relationship of the national price levels.

Meanwhile the time has come. In the last week of September it was no longer possible, even with an interest rate of 30 percent for short-term credits, to defend the rate of the French franc. Within the European Monetary System supporting operations on an enormous scale were necessary. The interest veil screening the rate-of-exchange relationships disappeared. After a phase with stable rates of exchange a period with a rather serious international-monetary uneasiness began, during which structural economic affairs will be much more significant for the rate-of-exchange development than in the recent past. The rate-of-exchange adjustments have officially introduced this period. They confront us with the fact that the framework of the rate-of-exchange development in Western Europe has been modified, and that is significant for a judgment on the revaluation.

Hitherto, proceeding from the CPE prognosis as concerns the current account, the question asked was how the revaluation should be evaluated. This prognosis, however, took place within a framework of rate-of-exchange development which has meanwhile largely become a matter of the past. Consequently a reformulation of the point of departure is necessary. The question now is what significance is to be ascribed to the upward evaluation of the guilder, in view of the growing international-monetary uneasiness and an increasing significance of structural-economic factors toward the rate-of-exchange development.

In the Western European context the Netherlands is undoubtedly not a member of the weakest group from an economic-structural point of view. Of course we do have our problems. Industrial life is stagnating, unemployment is extensive, the collective burden is oppressive, the government has a serious financial deficit and the interest rate is too high. Inflation, however, is still reasonably limited and a new industrial elan seems to be growing, the trade-union movement is--in comparison with foreign countries--a constructive consultation

partner and serious efforts are being made to improve the climate of enterprise. It is specifically in this situation advisable to be careful with the combination of a large surplus in the current account of the balance of payments and a stagnating industrial life. It is this very combination which can readily have a negative effect. For of course the surplus in the balance of payments leads to a proportional increase in the mass of liquidities, or the quantity of money in the country in the comprehensive sense. Hereby, during the first quarter of 1981, already 2.2 billion guilders in liquidities were "imported." Such a course of affairs can readily evoke an expansion of inflation, an increase in costs and then an upward pressure on interest. A favorable balance of payments is then unfavorable for the domestic economy, and it eventually leads to our country coming out into the group of the weakest.

In the present situation it is accordingly necessary to take measures which will prevent too great an import of liquidities and at the same time entail a certain pressure toward economic recovery. In this connection it is interesting to note the difference between devaluation and revaluation. The European Monetary System--so I wrote last week in ELSEVIERS WEEKBLAD--has a peculiar structure. Because a central currency is lacking, there is a direct connection between all participating currencies. In principle a modification in the rate of exchange can be carried out by a devaluation of a weak currency or a revaluation of a strong currency. At first glance the choice between downward or upward valuation seems to be an indifferent affair. There is, however, a difference as regards the effect on the domestic economic relationships. In devaluation a rough measure is adopted in an effort toward suddenly lowering, in regard to foreign countries, a relatively too highly increased price level. This brings on a brief shock, but for the rest generally has few consequences. In contrast, the devaluation, which brings about a rise in import prices, may occasion inter alia the making of extra wage demands and thus bring about an increase in the monetary devaluation. The domestic economy then remains ailing. The situation is different in case of a revaluation.

It is true that the upward valuation of a currency may at first be a difficult task. The prices of export goods rise, which reduces the competitive situation or the profit margin, if the revaluation is not calculated through into the sales prices. These difficulties, however, have a positive side, particularly after some time. Quite differently from a devaluation--so experience teaches--a revaluation contains a certain pressure toward improvement of the cost controls, toward increasing efficiency and as good as possible utilization of the sales and production possibilities. The lesson which must be drawn from this is clear. If a country is confronted with the admittedly precarious combination of a big surplus in the current account, in this case the balance of payments, and a stagnating industrial life, the first government measure called for is a moderate revaluation. This will help prevent too great an import of liquidities, and it will entail a certain pressure toward sound industrial relations. To this extent the revaluation decision deserves a positive evaluation. It should immediately be added, however, that an upward valuation in itself insufficient for the desired economic recovery. It is only a beginning. The revaluation induces one to take even more forcefully in hand than was originally intended the reduction of the collective pressure and the curtailment of the government's financial deficit. It is just such a sequel which will make the revaluation a positive matter.

INDUSTRY, TRADE UNIONS ATTACK GOVERNMENT PROGRAM

The Hague ANP NEWS BULLETIN in English 17 Nov 81 p 2

[Text] The Hague, November 17--Government policy as outlined yesterday will lead to more business failures next year and a further loss of jobs, Holland's main employers organisation said last night.

Initial comment from trade unions was also critical, although it mentioned some positive points.

The Federation of Netherlands Industry (VNO) predicted a further spate of bankruptcies next year in view of the 'unbearable burdens' imposed on industry.

It said the government had failed to tell the country what should be done and had proposed instead measures which should have been avoided.

Whilst seeking to enlist the cooperation of industry the cabinet was in fact forcing it to the wall and leaving it to fend for itself.

Forget Profits

'As a result of this increased burden a return to profitability is out of the question and the spate of bankruptcies will continue next year, leading to further job shedding,' the VNO said.

It described as unrealistic suggestions that the 1982 net borrowing requirement could be cut to 7 or 6.5% of national income without a change of policy.

The government was not taking into account known setbacks which would increase its borrowing requirement by billions of guilders next year, the VNO claimed.

To put the market sector on a sound footing, it was necessary to keep the net borrowing requirement down to 6.5%, to stabilise the tax and social security burden and keep wages down.

The VNO said it would go all-out to change government policy in tripartite talks with the government and the trade unions on next year's terms of employment, scheduled to start within the next few weeks.

FNV

The Socialist/Roman Catholic FNV trade union federation termed the government's policy programme vague.

It complained the government was taking workers' readiness to make sacrifices more or less for granted without telling them how it planned to restore the economy and employment.

The FNV, grouping more than one million workers, voiced doubts about the proposed 'solidarity tax.' It felt the oil companies should be made to contribute to such a tax which, it said, should spare the lower income brackets.

It raised objections to the government's proposals to cut sickness benefit and the projected seven-cent rise in the cubic-metre gas price on January 1.

CNV

The Protestant CNV trade union federation, grouping some 300,000 workers, was generally critical of the government's employment policies.

It also feared the government was preparing for a series of wage controls which would encroach upon the freedom of pay bargaining.

Among the measures it feared were a one-per cent cut in wage indexing, holiday allowance cuts and lower sickness benefits.

It welcomed government plans to stimulate housebuilding, better industry and energy policies and measures to combat youth unemployment.

CSO: 3120/21

FINANCE MINISTER SEES RISING DEFICIT IN 1982

The Hague ANP NEWS BULLETIN in English 17 Nov 81 p 1

[Text] The Hague, November 17--Finance Minister Fons van der Stee has told parliament that the government's 1982 'financing deficit' (net borrowing requirement) could rise to 21.3 billion guilders, or about seven per cent of net national income.

He said so in a letter to the second chamber, outlining government intentions to amend the 1982 budget which sought to keep this deficit down to 19.8 billions, of 6.5% of net national income.

At the same time Premier Dries van Agt told the chamber in a statement on the government's policy programme that the deficit must not exceed 6.5% of net national income in 1982.

Mr Van der Stee said the government had been faced with setbacks, including substantially lower proceeds than expected from natural gas.

Current estimates were that the proceeds in 1982 would be 2.7 billion guilders, down on budget figures, 1.6 billion due to disappointing sales and 1.1 billion due to U.S. dollar and oil price developments.

Mr Van der Stee did not rule out a further rise by several hundreds of millions of guilders.

Borrowing Requirement

The cabinet, he said, had agreed to go along with proposals (by informateurs Victor Halberstadt and Cees de Galan) to book 1.37 billion now and to reserve 700 million from the proceeds of additional gas sales in 1983 to further offset the setback.

The 'financial deficit,' a key figure in Dutch budget debates, is the public sector borrowing requirement less some four billion guilders needed annually to redeem national debt.

Mr Van der Stee's forecast excludes any effects of international economic developments on the Dutch economy, although he said these are expected to be negative.

New policy plans, including a job creation plan, demand additional funds totalling 2.48 billion guilders, some 1.06 billion guilders of which will come from further economies on existing policies, he said.

The state plans to raise its stake in revenues from small gasfields, which will yield 300 million guilders in 1982, and an extra four billion cubic metres of gas sales will cover 800 million next year.

The government plans to announce a first phase of the job creation plan within four months, Mr Van der Stee added.

CSO: 3120/21

OZAL QUASHES NOTION OF NATIONALIZATION

Istanbul CUMHURIYET in Turkish 30 Sep 81 pp 1, 9

[Text] Washington (CUMHURIYET) -- Speaking at a discussion on "Turkey" at the Georgetown University Center for Strategic Studies, Deputy Prime Minister Turgut Ozal said, "Unlike Western Europe, Turkey does not have a tradition of nationalization." Businessman Sakip Sabanci, also in Washington, spoke, saying that the IMF was viewing Turkey more favorably than in other years. The discussion proceeded on topics oriented toward Turkey's economic problems. Deputy Prime Minister Turgut Ozal gave the opening address, followed in turn by Turkish businessmen.

Beginning his comments with a summary of the 1970's, Deputy Prime Minister Ozal brought the topic around to the 24 January decisions, comparing the 24 January decisions with subsequent economic developments. He said that "liberalization has been introduced" into foreign trade and the foreign exchange regime and that "this liberalization will continue." Speaking on interest policy while taking up the important economic areas individually, Ozal said, "Gold, the traditional source of the people's savings, has now lost its attraction." He said that the Value Added Tax would go into effect in 1938 [as published] and added that the SEE [State Economic Enterprises]'s were being analyzed individually.

Pointing out that, with the measures taken, inflation had been brought under control, GNP had been raised 4.4 percent and exports had improved, Ozal said the following on foreign capital.

"Turkish history as regards foreign investments is rather interesting. Unlike the West European nations, where quite a few industrial establishments have been nationalized over the years, Turkey does not have a tradition of nationalization... Turkey is not much riskier than many West European nations. The SEE's, established in the 1930's, were included in the economy to fill the void in free enterprise which, in fact, was not developed at that time. Essentially, they should have been turned over to the private sector. However, this was prevented by the fact that the ruling parties had a political advantage here. As to foreign capital, Turkey is no riskier than any Western nation. Turkey's sound traditions and social strength make it attractive for foreign capital.

"Despite all these positive developments, we have many difficult jobs ahead. Inflation must be reduced further. Structural changes in the economy must go on. With these structural changes, a new economy will be created in which there is no

question of the irregularities and bad habits seen in the past 5 years. Thus, Turkey will pursue a much more open and externally-oriented economy. The foreign exchange and trade regimes must be further liberalized to keep in step with this new open economy."

Turkey's Washington ambassador, Sukru Elekdag, followed Ozal at the podium to speak of foreign policy. Elekdag said that the factors shaping Turkish foreign policy were Turkey's geopolitical situation, the strong desire for rapid socio-economic development and modernization and the political and moral values of the Turkish people.

Businessmen then summarized conditions in various economic sectors. They expressed their views on topics ranging from banking to agriculture, from mining to foreign trade, stressing their desire to work in concert with foreign capital.

Businessman Sakip Sabanci, who is in Washington in this connection, said that the Turkish economy was greatly improved in comparison with past years, thanks to success in the struggle against anarchy and terrorism and the re-ordering of labor-management relations, which had deteriorated. Sabanci continued as follows:

"Workers have returned to the factories and this is a positive factor in our increased production. Turkey had a perennial foreign exchange shortage, but, thanks to successful progress in foreign contacts, has overcome its supply difficulties."

Sabanci added that the IMF and other international financing institutions were viewing Turkey more favorably than in past years.

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CSO: 4654/17

OZAL INTERVIEWED ON 1982 ECONOMIC PROSPECTS

Istanbul HURRIYET in Turkish 19 Oct 81. p 8

[Interview with Deputy Prime Minister Turgut Ozal by Yavuz Gokmen]

[Text] Ankara (HURRIYET) -- Turgut Ozal returned to Ankara from the United States on the eve of Bayram and, after a brief holiday, has set hard to work again. We talked with Turgut Ozal about things economic as 1982 approaches.

If we must be honest, Ozal said at first that he did "not want to talk." The interview you will read was held only at our insistence.

We would like, as usual, to relate some of our impressions before turning the floor over to him. This time, Ozal was different from the usual. He never stopped talking about "the people, our people." What was on his mind was that people should get true value from their savings, which should be used for export-oriented production. He openly took issue in severe terms with advocates of opening the money spigots and lowering interest rates. We discerned a note of reproach behind his matter-of-fact tone. If we were to describe the man Ozal for you, we would say: "A man who is knocking himself out for something he believes in."

He was quite agreeable to having photographs taken but did not want them taken in his swimsuit this time. Everything changes, and so did he. We had the opportunity to see firsthand his artless compassion and observed his sensitivity. At the end his voice trembled as he said:

"Where Turkey can go if we carry straight through the policy which has been implemented since 24 January, even I cannot imagine."

Let us turn you over directly to Ozal now and learn what 1982 will bring. And our comment? To put it plainly: "'82 may be better, but the hardships still will not be over."

Question: Mr Ozal, you have just returned from America. You explained in a general way the contacts you made there and their outcome. Meanwhile, we know that you were engaged in certain important endeavors in Turkey before you left for America. Would you explain in concrete terms the future goals of these endeavors and contacts? In particular, would you clarify a little the topic of greatest concern to our people? "As 1981 draws to a close, our people have, to a large

extent, borne the burden of sacrifice during this year. What does 1982 hold? What will be done for the people, and what will be demanded of them?" What can you say concretely and candidly in this regard?

Turgut Ozal: The question is fitting and proper. I know, however, that the past is easily forgotten. The past, which must be dealt with first in looking to the future, is soon ignored. I do not want to make this mistake. Therefore, I am going to examine the course of the period we are leaving behind before delving into 1982. However, it may be possible to make certain estimates in the course of reviewing the recent past, or more precisely, estimates for the future to be made in the course of reviewing the recent past may be meaningful from the standpoint of proximity to fact.

We may divide the Turkish economy into three sections. The period prior to the 24 January decisions, that is late '79 and early '80; the second period, the 24 January decisions, late '80 and 12 September; and '81. Then we get into '82.

We would do well to approach '82 from behind. The things behind us are easily forgotten. By acting as if certain things existed before, still others are easily put into perspective.

Black Marketeers

Late 1979 and early 1980 show us great disorder and crisis. How Turkey looked from the inside and how it looked from the outside in this period are two different things.

This is how Turkey looked from the inside: The general scene was one of scarcities and privations of extraordinary dimensions and a black market. Inflation which seemed impossible to stem and, in addition to all this, hopelessness. At the same time, it was a period in which anarchy grew out of bounds. It was a time in which factories were closing their doors one by one because of these shortages, but -- let me underscore this -- in which extraordinary black market earnings were the rule of the day. I do not think anyone today would want to return to this period except the black marketeers.

Now let us take a look at how Turkey appeared from the outside. After February 1977, we came up against a situation in which the private sector reached the point where practically none of its transfers could be made, in which creditors could not get their money -- They came and asked for their money. They could not get it. -- and in which new orders were not taken in many cases unless actual payment was made abroad. We were confronted by the unfortunate situation in which short-term loans had risen so high that the state could not even pay its foreign debts.

Actually, the situation in a word perhaps -- and, unfortunately, the word was used in much of the foreign press -- was bankruptcy. Insolvency, bankruptcy, call it what you will, this is what it was.

Therefore, in addition to loan postponements in 1978 and especially 1979 to save Turkey from this situation, a "special aid group" formed in the OECD. The group was formed under OECD Secretary General Van Lennep. The political decision for it

was adopted at Gaudeloupe. You will recall also that the IMF came in at that time as well. For the first time, Turkey concluded an agreement with the IMF. In 1978 and 1979. Unfortunately, no improvement was seen in the economy as a result of all these efforts. Turkey's situation was growing even worse as late 1979 or early 1980 rolled around.

This is how Turkey looked from the outside at that time and this is where things stood as to the outside efforts made to save Turkey because of its strategic importance. Therefore, Turkey's "reliability" at that time was very low. It was in the bottom two or three among world nations. This matter of "reliability" cannot be expected to shoot up rapidly. It is exactly like a merchant who has declared bankruptcy but later corrects his situation. He is going to be looked upon with suspicion by those who give credit for a long time.

Free Market Economy Is Not Law of the Jungle

Now, there was one important goal of the 24 January decisions and the program applied at the beginning of 1980. Heading the list of economic woes that year were the privations and scarcities and the black market. The annual rate of inflation was approaching 150 percent in the latter months. This had to be prevented. Therefore, I think that the first goal of 1980 could be thought of as a kind of "putting out the fire in a flaming building." And I believe that, by eliminating the lack of commodities, scarcities and black market in 1980 and largely reining in inflation, this fire was extinguished and that success was achieved from this standpoint.

The major philosophy behind the 24 January decisions is transition to a free market economy in principle in a given period of time. Of course, we are in this transition process today. The purpose of this free market economy definitely is not, as some people understand and have tried to make it out to be, validation of the law of the jungle. The basic thing here is to take maximum advantage of the constructive power and initiative of our people. I believe that however many economic activities we can direct our hard-working nation into, if we place no obstacles before it and can eliminate the existing ones, the country will be that much better off. And I still claim that the basic force behind the development seen today is the power of our people who are beginning a reawakening. Development is, and will be, the work of our people.

Implementation of this program which was placed into effect in 1980 involves these important points:

1. To eliminate completely a large part of the subsidies coming out of the Central Bank or the general budget and to reduce this to the lowest minimum possible.
2. To elevate foreign exchange rate policy above mere reactionism and to use this policy as a dynamic means, in particular, of increasing foreign exchange revenues in the economy.
3. To encourage savings through a liberal interest policy and, alongside encouraging savings, to prevent exploitation of the saver.

4. To lighten the tax burden on wage earners in particular through tax legislation and, alongside this, to prevent tax evasion. To forestall huge budget deficits with a tax policy based on social justice.

It had not been possible to get a law on this last principle out of the houses of parliament after the 24 January decisions. A big tax package was prepared shortly after the 12 September operation which was approved and enacted in the National Security Council. And I believe that this had been the biggest drawback in implementation of the 24 January decisions. In addition, the drawdown of anarchy in the country and the restoration of security enabled us after 12 September to reach in a shorter time the objectives sought when these decisions were conceived.

Now we come to 1981. This year has been considered the first year of regrouping after extinguishing the fire in 1980 and beginning to develop again. We got through the first 8 months of this year. We have eight 1-month periods and the assessments of them. This puts us in a position to make year-end estimates more easily.

Inflation

There appears to be a strong likelihood that inflation will be under the 40 percent estimated. Inflation is still our number-one problem, as we are always at pains to say. We must spare no effort here. The interests of our wage earners, our farmers, our tradesmen and all of our upright industrialists and merchants lie in drawing down inflation. Those who hope to gain by inflation are, basically, the ones who make unjust profits and the black marketeers.

Exports and Foreign Exchange Income

Exports and foreign exchange revenues were like this for the first 8 months of the year: Our exports rose 58.4 percent according to the chart for the first 8 months. This figure is a tremendous record under present world circumstances. At this rate, our exports will reach \$4.5 billion. Other foreign exchange revenues show that worker remittances reached \$2.6 billion. Together with other exchange of services, it is estimated that all exchange of services will be around \$4 billion, perhaps a little less. Thus we are rather close to balance in what we call the current account, excluding interest on foreign loans (and this is around \$1 billion or \$1.2 billion). This is a situation which could not have been predicted 20 months ago.

In obtaining a balance of payments, we were thinking of an annual balance. It has reached the point where it is possible to say today that if the present development tempo keeps up, we will be able to attain the goal of balanced payments in 2 years, perhaps sooner. We could not have said this before. They would have laughed.

Either Ignorant or Devious

Question: Mr Ozal, this point that you have raised is very interesting. According to the figures you gave, the current account will be balanced before long. Yet there seems to be a minus situation between imports and exports. There must be something that needs clarification here.

[Answer] An apt question once again. I do not know what you think, but we have seen recently some criticisms in certain circles about the differences between imports and exports, saying, in effect, "Yes, exports are increasing, but imports are increasing more." Let me say quite frankly that either they do not know anything about this problem or they have the kind of ulterior motives that we have so frequently encountered thus far. I am not about to say anything else to them. Let me explain the problem:

The 1981 import estimate is \$9 billion. Imports will come out around this figure, barring any very serious change in the next few months. Imports for 1980 were \$7.6 billion, a difference of \$1.4 billion. On the other hand, our exports, if \$4.5 billion, will have an increase of \$1.6 billion over 1 year previously -- our exports in 1980 were \$2.9 billion.

This means that, compared to 1 year previously, the increase in imports will be the same as or less than the increase in exports. This kind of import-export eventuality, that is, the increase in exports being more than or, at least, the same as the increase in imports, as I just said, is a first for Turkey.

Moreover, what is more important than import-export balance in a developing economy like ours is the current account balance. Import-export balance in a developing economy like ours is inconceivable anyway. Imports have to be higher than exports for the economy to develop. It has to be this way for a while. The important thing is that the difference at this point be made up by capital movements or exchange of services.

The third important point is economic growth. We first thought that 1981 would be the year for regrouping and the starting point of development. However, it seems that the drawdown of anarchy in the country and the significant restoration of stability in economic activities as well may enable us to achieve a higher rate of development than we thought. Instead of the real declines in national income of 1979 and 1980, it seems that, for the first time, there may be as serious an increase as 4.4 percent in 1981. And 4.4 percent is a very significant development rate in the current global period of recession. I only hope that future estimates would match or raise this rate.

In the two large financial reviews distributed to members at the last World Bank and IMF meetings we attended, Turkey was listed among the top 10 nations as to economic development in 1981. It was first in one and second in the other.

Savings

Let me say one other thing as a fourth point. Savings are increasing rapidly also. Time savings deposits which stood at 100 billion liras at the beginning of July last year, for example, exceeded 450 billion liras in September of this year.

Question: Pardon me a moment, Mr Ozal. I was going to ask you a question about this. Now that you are on the subject, let me ask my question so that you might pull it all together. Savings are increasing. You said that time deposits are up. At one point in our discussion, you used an expression that we found very interesting such as "We will not exploit the saver." Let us put the problem in two parts now:

First of all, business owners are complaining that decontrol of interest has raised credit interest. They say, "We cannot get easy credit." As long as they cannot get easy credit, cost inflation occurs, so they say. These complaints have intensified recently. Moreover, there is an attempt to block the high interest paid by brokers.

The second problem is the point of not exploiting the saver. So:

1. Is it your goal not to exploit the public at the cost of keeping credit interest high?
2. If your answer to this question is yes, how will you allay the fears of those who are complaining? Thank you.

[Answer] Again an interesting question. I was going to get back to this point, too. Let me go into it for a moment. Actually, there are two ways to explain this problem. One is that bank credit interest rates in Turkey are not as high as many are saying when taken as an average. What is high is credit for internally-oriented (that is, not export-oriented) commercial and industrial activities. Credit interest here is 60 percent plus. In contrast, agricultural credit varies between 22 percent and 24 percent. Small business credits are at the same level and export credits are around 20 percent. Investment credits can even be low because of the interest subsidy in general. When we take an average, I do not think the average interest exceeds 35 percent. One of the processes at work here is to take the differences of say, 15 percent in domestically-oriented activities in business and industry and pursue the goal of easing credit for export, agricultural activities, small industrial activities and credit offered by the Real Estate Credit Bank. This, in a very clear way, encourages exports, agricultural activities, small industrial activities and housing. We believe this is the right thing to do.

Exploitation of the People

Question: That is, you take from one to give to another that is supported. Will this continue?

[Answer] I said we believe this is the right thing to do. Why should you stop halfway in something you believe is right?

Now let us get to the saver, that is, the problem of exploitation of the people. Before decontrol of interest, the people's money was being used at very low cost. The people were not getting the share they should have, the saver was not getting his share. The saver was being exploited in a way, because his money was being used at 2.5 percent or 5 percent interest. This time has now passed. Let me put it this way:

Giving the saver higher income increases deposits rapidly and prevents exploitation of the saver. While the interest paid on the 150 billion liras deposited in time accounts at the beginning of July last year was at most 30 billion liras, the minimum gross interest paid on a time savings volume of 450 billion liras as of the middle of September this year is 250 billion liras. You may ask where this

money comes from. I would say that it comes from the banks and, therefore, from business and industry and, as a result, the savers are thus indirectly supplying credit for our business and industry. And, therefore, they are, by all rights, in a sort of partnership.

Question: This is a new concept--partnership. You are saying that people who deposit their savings in the bank are partners in and get a share of business and industry.

[Answer] Yes, that is what I am saying. Actually, to say, "This interest is high, we cannot do business at this rate," is the same as saying, "We are not willing to be in partnership with the people." All right. If you are not willing to have them, then "Raise your net capital, brother," as they say, or find yourself other partners.

Question: Does that finish 1981?

[Answer] Oh no, there are one or two other points that I think are important. This is the first year that industrial products and agricultural products have been neck and neck in exports. This was actually a long-term goal, but it came about in the short term. The Middle Eastern nations have rightly emerged in the forefront in exports.

Another important development, although not adequate -- and I say openly that I do not think it is adequate -- is that wage increases among the low income groups have caught up with inflation for the first time.

Prices Increase with Inflation

Of course, it is a cheap shot to say this here... "No sir, the price of this went up, the price of that went up." Of course, inflation exists, albeit slowed. That prices will go up in an inflationary economy is a certainty. If you cannot regulate prices, large subsidies are necessary. And this brings us to the low point we encountered at the end of 1979.

No one should get carried away; I am not saying we have solved everything. But we are on the right road and we will reach the goal at the earliest date if we stay on this road. What must we do, and what must we not do?

Question: Would you consider these item by item?

[Answer] One, we must be very careful as to inflation. This is a topic without the least bit of leeway.

The second item is this: The subsidy policy must not be restored at any cost. This, too, has grave consequences.

Now let me state the third major item. We must have a balanced budget. We must have a deficit-free budget.

The fourth and last major point is not to use Central Bank resources arbitrarily. Now we can take a look at 1982, or next year.

Ozal's 1982 Estimates

"How far will we bring down inflation? It is not certain."

If we were to say that Turkey is certainly entering 1982 under better circumstances, we would not be wrong. The growth rate in 1982 will be 5 percent. This, again, is a high figure, but a realistic figure. I think that production and exports will continue to increase, though perhaps not at the 1981 rate. That is, exportation will not register increases at the rate of 1981, but it will still be among the world contenders.

1982 will be a year in which a steady gathering of momentum is seen in private enterprise investments as well as public investments. We will again receive an OECD credit in 1982. I hope it will be the last.

1982 will, at the same time, be a year in which foreign banks will begin opening intermediate-term credits for Turkey. Turkey has now begun to gain "reliability." It would have been inconceivable that any other country could gain reliability this rapidly.

Question: Mr Oza1, what, concretely, will be given to the people? Would you explain this?

[Answer] I can talk about this only in general terms at present. 1982 will be a year in which the status of the low income groups, the wage earners, will be relatively improved. Let me say that again. Wage increases of the low income groups will catch up with inflation. We will bring inflation down in 1982 to below the 1981 rate. But how far, is not clear at the moment.

Question: Could we not clarify this a little more?

[Answer] Yes, we could, but the more we say, the more we will see that this is the heart of it right now. We are talking about numbers. In order to say anything, the necessary data must be together. Certainly, we will strive for a better life for our people than in the past few years. We will be trying to do this, but the routes we will take to do it have not been decided upon.

Tax Cut

Question: Did you really say that there would be a tax cut?

[Answer] This is not something I have said; it would be, at best, a fabrication. I have not, till now, said what will or will not be done. It may be necessary to wait until the end of November for this. I said the important thing, and you can be sure that wage earners will be given first consideration.

Question: In other words, will Miss Ayse be able to get married in 1982 or will she have to wait another year? If you recall, I asked you about this in our last interview.

[Answer] Miss Ayse should get married right away. Look at her, she has no husband at the head of her household.

Question: Why do you say that?

[Answer] I am opposed to this change. The head of household is the husband. And our Civil Code is right. This is how I think. Our society is not ready to go beyond this yet.

Macro Level

Question: Shall we continue with 1982?

[Answer] Certainly. It is necessary that we continue in 1982 to eliminate the obstacles confronting the power of enterprise in Turkey. The policy of planning the state economy at the macro level, not the micro level, must continue, because when we look back, it is seen that our people played the major role in the export boom in Turkey in 1981. We must certainly continue to support them, through credit and various ways. Agriculture will again be stressed in 1982. We must not forget that agriculture is the basis of development in Turkey. This does not mean giving less importance to industry. Don't misunderstand that. 1982 will be an important year. From this standpoint, it will be the year which decides the future of state-to-state aid. If our development goes very well, there may no longer be a need for this. Perhaps there is a more important point. We must continue the policy of transition to a free market economy in a decisive way. From this standpoint, our export-import policies must be revised towards more freedom. This should be done in stages. Perhaps it will be necessary to take up the statutes on protecting Turkish currency in a radical way this year and devise a program for liberalization. I think that taking serious steps here is a must. It is necessary that all these things be done without zigzagging. I also believe that they should be done without being linked to individuals.

Question: What do you mean by this last comment, sir?

[Answer] Continuation in this is absolutely necessary whether I am here or not. This is Turkey's only way out. It's the zigzags that lie at the root of the mistakes we have made to date. Policies have been linked to individuals. But I believe that where Turkey can go if we carry the policy which has been in effect since 24 January straight through for 4 or 5 years without veering to left or right, even I cannot imagine.

8349

CSO: 4654/38

GENERAL SURVEY OF TURKEY'S CREDITORS, ALTERNATIVES

Istanbul CUMHURİYET in Turkish 20 Oct 81 p 5

[Article by Yalcin Dogan: "How Does It Look on the Outside"]

[Text] Every action, naturally, has a reaction. And it looks as though the political decisions made in Turkey last week will have world political and economic consequences beyond the usual variety of echoes.

The world economic consequences they generate may be assessed in the reactions of foreign political and economic institutions. The question of what kind of developments may occur now in these institutions may be answered as follows:

--IMF: The International Monetary Fund is the leading proponent of the economic program which Turkey is following. At the moment, no problem exists between Turkey and the IMF. Indeed, an IMF member who came to Ankara last week described the economic indicators, after an intensive work session, as "positive." In other discussions, the \$120 million in credit which Turkey is supposed to be given after 30 October was finalized. The existence of any problem between the IMF and Turkey is inconceivable anyway, since a program which was agreed upon jointly is in place and there has been no deviation in its implementation. Moreover, one IMF official in Washington characterized the IMF's position in saying: "Political developments in Turkey are not our concern; Turkey makes its own political decisions. The important thing to us is not the regime, but whether the economic program agreed upon is in force."

--World Bank: It has now become very difficult to provide aid through World Bank channels, not just to Turkey, but to any nation in the world; the recent annual meeting brings significant cuts in aid for developing nations. The World Bank is essentially on the verge of adopting a decision in principle along these lines. However, along comes at this juncture also a report on Turkey. We think that the report, distributed at the World Bank last week, contains certain critical approaches to Turkey's economic indicators. Specific results obtained are assessed as "temporary." This is not to say, however, that such a report would put a hitch in the commitments made to Turkey. Not at all. However, as a general principle, as a rule, it would be realistic to expect hitches in economic credits independently of developments in Turkey.

Despite the fact that these two international organizations are not affected by political developments in Turkey, it does look as though economic institutions in Europe probably will be affected by them. Heading the list is relations with the

Council of Europe. The recent political decisions look as if they will reflect on the outside world after all and especially on the Council of Europe. There is a strong likelihood that Turkey's membership in the Council of Europe may end with Turkey's expulsion from membership. Another development may be further expected here. And that would be Turkey's withdrawal from the Council of Europe. That is, to withdraw itself without waiting for the Council of Europe decision in January 1982. To do this would, in any case, require watching the Ministers' Committee in November to "sniff the wind at the Council of Europe."

As long as we are a member of the Council of Europe, certainly no change would be expected in the existing nature of foreign economic relations. However, if the Council of Europe should generate negative reverberations, the reaction in related institutions may be as follows:

--OECD: Credits obtained in May from the Organization for Economic Cooperation and Development depend on certain agreements. Actual realization of them takes time and some of them are still in the signing stage. Mr Gebert, the German chairman of the OECD Aid to Turkey Consortium, is in Ankara this week. Discussions will reportedly be held on ways to effect and step up the aid promised this year. The OECD is looked upon as "the organization most vulnerable" to political developments. Therefore, Turkey will, in all probability, receive this year's aid, but it may now have difficulty with the OECD in 1982.

---EEC: Most likely, the European Economic Community (EEC) is another organization by which, like the OECD, our economic relations in Europe will be affected. The agreement signed between the EEC and Turkey envisages \$800 million in credit in 5 years. Political developments may lead to a freeze in Turkish-EEC relations, a decision the EEC could make unilaterally. If relations were frozen, the \$800 million in aid would automatically be postponed.

So what would happen if economic relations with Europe and the European economic organizations were frozen? Turkey would perhaps go the route of obtaining the aid expected from them from the banks of certain Arab nations. In addition to the banks of Kuwait, Bahrain and Saudi Arabia, the names of certain American banks are also being heard more frequently in Turkey.

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CIVIL SERVICE PAY TO BE BOOSTED

Istanbul CUMHURIYET in Turkish 18 Oct 81 pp 1, 7

[Text] Ankara (CUMHURIYET BUREAU) -- The Council of Ministers has agreed in principle that civil service salaries should be raised. The rate and form this would take, however, have not yet been specified, but according to information obtained by a CUMHURIYET reporter civil service pay will be boosted in the 1982 budget. There are two options. First is to increase the coefficient and second is to raise pay by reducing income tax rates. It has not yet been decided which of these two options will be taken. However, the civil service pay increase has been adopted in principle by the government.

Another topic discussed yesterday by the Council of Ministers was the 1982 budget. Figures to be sent to the Consultative Assembly at the beginning of November have not yet been fully worked out. Thus, authorities can give no figures.

The Council of Ministers also considered whether the first installment of tax differentials accumulated in the Central Bank fund for workers who had a collective contract prior to 12 September of 1980 should be paid before January 1982. Again, no definite decision could be reached on this. Discussions will reportedly continue.

At its meeting the previous day, the Council of Ministers adopted five new bills and sent them to the National Security Council [NSC]. These are the Judiciary Bill, the Council of State Bill, a bill on the formation of the Court of Jurisdictional Disputes, a bill on the formation of Tax Courts and the Justice Ministry Organization Bill.

Meanwhile, according to a TURKISH NEWS AGENCY report, the bill amending State Civil Service Law No 657 has been completed except the articles on wages, and the complete bill is expected to be approved by the Council of Ministers next Wednesday and sent to the NSC Secretariat General.

According to the information obtained, the disagreement has still not been resolved between the Finance Ministry, the State Planning Organization and the State Personnel Office over the articles on wages which set the indicator figures, fuel and other supplements and social assistance.

While the Finance Ministry wants the lowest indicator to be 400 and the highest 1,400 or 1,600, the State Planning Organization wants the salary spectrum difference raised from the present 2.7 to 6, and thus the lowest indicator would be 400 and the highest 2,400. The State Personnel Office, on the other hand, accepts neither proposal.

BIEDENKOPF'S PROBLEMS IN CDU LANDTAG FRACTION DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 17 Nov 81 p 12

[Report by Lothar Bewerunge: "Biedenkopf on Trial--Disgruntlement Increasing in North Rhine-Westphalia CDU"]

[Text] Duesseldorf, mid-November--One can hear the crackle, and it seems one can touch it, and yet it is difficult to provide clear evidence of the latest disgruntlement in the North Rhine-Westphalia CDU. One again Rhinelanders and Westphalians are viewing each other with suspicion. Tough words are being exchanged by Westphalian party chief Biedenkopf and Rhineland party chief Worms--though not words chosen for an open dispute. And Kohl cracks the whip whenever he has a speaking engagement in this Land--not against his "friend Bernhard Worms," of course, but against Biedenkopf.

Anyone who is ready to listen is told by Biedenkopf the story about the rabbit in the familiar old fairytale which is chased to death by hedgehogs in the deep furrows of the soil ready for plowing. Worms for some time has been adhering to another image, according to which leader of the opposition Biedenkopf "is on trial" in the Landtag, where he has been working in place of the prematurely deceased Heinrich Koeppler since the summer of 1980.

These days, when for the first time--and for a period of 5 years to boot--the CDU in North Rhine-Westphalia is facing an absolute SPD majority, there are a couple of truths that can be established for sure. The Rhinelanders cannot and will not reconcile themselves to the fact that the "top man" in Duesseldorf now is a Westphalian--not by birth but as far as the political power structures are concerned. Biedenkopf in turn lacks the warmth of a Koeppler which for more than 10 years allayed a great many tensions in the Land CDU. While Biedenkopf's need for harmony is great, the coolness and remoteness he spreads continues to frighten a lot of people.

The Landtag fraction feels little motivation for political accomplishments. While doubtless wishing to delegate a great deal of the everyday political work in order to involve the deputies in duties and to give them incentives, Biedenkopf in the end virtually does almost everything himself. Someone like him, who quickly grasps complex connections and thinks and expresses himself in such an acute analytical manner, apparently is just not able to tolerate the mediocrity that happens to predominate in any people's party.

There are also topical reasons for the discontent in Duesseldorf. Biedenkopf's excursion into nuclear strategy, his pondering about yearnings for peace in light of the multiple overkill capacity on both sides, has confirmed the opinions all those people in the party who have maintained all along that the man would not and just could not apply himself to his duties at the job he was assigned to.

Yet who could seriously believe that a man like Biedenkopf could be challenged to the full by the job of leading a Landtag fraction which daily produces a dozen of small queries and otherwise shares the fate of the "ruling" SPD fraction--of the Land having run out of money and political activity having virtually ceased accordingly.

In the future too, Biedenkopf will not refrain from voicing his opinion on any political subject preoccupying him. Any attempt to reduce him to provincialism founders on the image he has of himself. He has been offended at Worms' having openly dissociated himself on the CDU Federal Executive, on behalf of the Rhenish CDU, from Biedenkopf's theses on the subject of the peace movement and the nuclear limit situation. Biedenkopf demands that argumentation should precede dissociation. This is not happening, however, and since Worms' political qualifications lie elsewhere, he could not really deliver anyway.

Were it not for the fact that Biedenkopf once again is facing an election, one might dismiss such dissonances as unimportant, or even regard them as necessary in party which is intellectually alive, but on 12 December in Werl in Westphalia 100 delegates each from the Rhineland and Westphalia will vote in a secret election on whether Biedenkopf is to remain chairman of the joint Land presidium is a kind of umbrella organization embracing these two organizations, which far and away exceed any other CDU Land organizations in membership. They have to cooperate with one another if they are ever to shed the role of opposition party in the Land. If is an unwritten law that the leader of the opposition in Duesseldorf--formerly Dufhues, then Koeppler and now Biedenkopf--also heads the Land presidium. In other words, in the political jargon, Biedenkopf is the "leading candidate."

The trouble in Duesseldorf now is that at least the Rhinelanders are not prepared to say so out loud at this time. Worms does not see any need whatever to do so at this stage, the view being that one should have no qualms about waiting to see what the power-political trends will be in Bonn next year, or perhaps even the year thereafter, before making any political personnel decisions affecting North Rhine-Westphalia. Biedenkopf in turn resents the talk about his being "on trial."

Worms will run for the post of Biedenkopf's deputy for the next 2 years in the Land presidium elections in December. While the two are certain to be confirmed in that order, the worry is that Biedenkopf once again in a secret vote will receive far less of a vote of confidence than Worms. All those who dare not contradict Biedenkopf openly, and perhaps are also ashamed of being his inferiors intellectually, for years have employed the only weapon they have left--the ballot in a secret vote. Moreover, the Rhenish CDU would like to see its chairman, Worms, elected to membership in the national party presidium under Kohl at the next national congress, regarding this as its due because it is the most sizeable CDU Land organization. Biedenkopf in that case has to be afraid of not being able to compete with Worms, at least as far as election to deputy national chairman is concerned.

Even though it has not yet been planned this way, it all looks like a disassembly of Biedenkopf in installments. Considering the fact that--the probity of Worms notwithstanding--one cannot detect any political power back of Biedenkopf that is comparable in any way, the carelessness with which the CDU in Rhineland and also in Westphalia is permitting developments to drift in that direction is all the greater. But Biedenkopf is doing his bit to contribute to the confusion, which he apparently would like to be dispelled for good before the end of the year: his Westphalian CDU has got into great financial straits in the past 3 years, with many full-time party workers afraid for their jobs.

The view in Rhineland is that if one cannot keep one's own "house" in order, one is least qualified to have one's claim honored at this early stage to head the entire North Rhine-Westphalia party. There may be some petty considerations as well, but this happens to be the way the party is constituted hereabouts. Biedenkopf sees himself surrounded by hedgehogs. Worms thinks Biedenkopf is stepping on nails he has strewn himself. Anyway, both talk about the risk of injury. They apparently face a dangerous stretch of road ahead in the next few weeks.

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CSO: 3103/113

PS CONGRESS: CURRENTS; RIGHTWING; POLICY IMPLEMENTATION

Paris L'UNITE in French 31 Oct 81 pp 2-7

[Report from Sixth Socialist Party Congress, including excerpts of speeches by party leaders and ministers]

[Text] "In Valence today we are witnessing the congress of a party in power, but also the congress of a party that wants to be something other than the government party." That editorial by Paul Quiles in LE POING ET LA ROSE, which the delegates found put before them when they arrived in that immense hall made personal by tasteful architecture, had an impact on them.

And it was before an assembly of militants so spirited and aware of the stakes that all efforts to still their impassioned debates were in vain, that Jean Poperon opened the Sixth Congress of the Socialist Party [PS] at 10:30 in the morning, Friday 23 October. Ten years after the congress of Epinay, the atmosphere of this congress was steeped in memories. Lionel Jospin expressed his pleasure at being in a conference hall which reminded him of the sites of the first meetings of the workers' movement. It is a great hall, with its metallic structures, its pillars painted in bright colors, its speakers' platform on which, for the first time since 1971, Francois Mitterrand was not to be found. A single slogan in big letters was mounted at the back of the platform: "With Socialists, Change Will Succeed."

At 10:30 on the morning of Friday 23 October, then, Jean Poperon, national secretary for external relations and elections, presented his report to the delegates. Slowly, silence fell on the hall. Right at the start, he pledged that "the promises will be kept." "This is what astounds our enemies, what they cannot believe. It is true that this is unusual. But they will have to get used to it. We will do, we are doing, what we have pledged to do, what we were elected to do. Some of the capitalists are pretending to have just discovered the Socialist program--or could it be that the CNPF [National Council of French Employers] thought the program was only a vehicle for getting elected. To the Socialist Party that has been built up under Francois Mitterrand, the program is something to be implemented. But these gentlemen insist on blackmailing us on the question of "confidence." For example, when several comrades, PS deputies, and myself met with some heads of industry in the Lyon region, they spoke to us along these lines: We would have confidence in you, if it were not for the nationalizations, the tax on wealth, the extension of workers' rights in industry. In short, abjure your program and everything will be fine."

"Our answer is straightforward: We are not looking for a war; it is not in anyone's interest; we want accommodation, compromise. But compromise is only possible within the parameters of the democratically expressed choice the French people have in the very recent past voiced twice, and forcefully. It cannot be reached by denying the will of the people. We want discussion, dialogue, cooperation with the representatives of the various economic and social forces, including, of course, employers. But that dialogue can only bear on modalities, conditions, the schedule of implementation of our program, not on the program itself. That question has already been decided. The electoral campaign was over 4 months ago: There will not be a third round of elections on economic policy."

Poperon Sets the Tone

That spirited speech, which drew resounding applause, set the tone for the congress. And so did his reaffirmation that the party and the government are two separate entities. Being a regimented party is also out of the question--being the tail of the dog: "One thing is clear: We have made compromises on our program by making concessions to the heads of industry. We say here, before this congress, that under the present circumstances the government was doubtless right to make those concessions. There would be no point in sinking the boat by overloading it at the start. But it must be said with no less clarity that concessions cannot be a one-way street. It would be a dangerous gamble to take labor's current moderation for passivity or resignation. That modernization must be taken for what it is: The sign of far-sighted political awareness, of the realization that it is not possible to do everything in one stroke."

The militants liked that kind of talk, and they clamorously applauded it. Throughout the three days during which more than 50 speakers discussed all manner of issues, the decibel level was rather high! And the chair in vain called for order: People moved around from table to table, people argued, people interrupted, people wandered in and out. The security people were tearing their hair; they were treated like "cops" by certain undisciplined incorrigibles--it was really too much! It was the first congress after the victory: Everyone had much to say and were only quiet when the "star performers" spoke. Even "comrade ministers and future ministers" were asked to return to their seats.... Who can say there is no debate in the PS?

The good-natured spirit that marked the congress, however, should not be taken for a lack of seriousness about the basic problems with which the delegates had to grapple. The enthusiasm did not hide fear of sabotage from the Right, as Poperon clearly expressed it: We are forced, then, to take it as a fact that the French bourgeoisie only accepts the democratic rules of the game when it is the winner. The business daily LE NOUVEAU JOURNAL dares to write that "the Socialists want to reduce the opposition to silence!" Everyone knows that the opposition can use all the means at its disposal to delay passage of the bills the people of France want, and the opposition is availing itself of all of them. In the face of that attitude, the government has the right, and the time is approaching when it will have the duty, to use all democratically permissible means to insure that the people's will is respected. This is true in Parliament. It is true in relation to a number of high officials in the bureaucracy. It is true with regard to workers' rights. Too many economic leaders--even in the public sector--seem not to realize that anything happened on 10 May. It is time they realize it...or time to make them understand!"

Before concluding: "Nothing can ever be taken for granted, and the Socialist Government itself cannot succeed without the people. But who ever doubted it?"

All day Friday the debate continued. Paul Quiles himself also spoke of the resistance the "new policy" is meeting and will continue to meet. And he spoke of the way to overcome it: "When one runs into an obstacle, either one accepts it at his peril, or one blasts it out of the way. Let me make myself clear! I am not calling for any kind of "witch hunt," that is, the systematic elimination of men and women because of their opinions. We will not do what Giscard did to the RPR [Rally for the Republic] after the forced resignation of Prime Minister Chirac in 1976.

"To the contrary, we must not confuse 'idealism and naivete' (as Jacques Delors said in the National Assembly last Sunday). Idealism is faithfulness to our ideas and particularly to our resolve to respect individuals. It would be naive to leave in office people who are determined to sabotage the policy that has been voted by the French people--whether they are rectors, prefects, leaders in the nation's industries, or high officials. Look at the way Mr Moussa has tried over the last 3 months to oppose the nationalization of his group. I think it was healthy and appropriate for him to resign. You should understand that no one will be grateful to us for leaving all these high officials in the economic sector or the bureaucracy in office, when they are our enemies: We must not be afraid to say so. In politics, to make a gift of this kind is the Convention; rather we must say which ones, and say quickly. This is what we expect of the government, for the success of our policy depends on it."

"Forgetting" the rest of his remarks, most observers wanted to see in the allusion to Robespierre the onset of a Reign of Terror. Lionel Jospin, at the conclusion of the congress, had to remind people that if heads are no longer literally falling into the baskets, it is perhaps in no small measure because the Left has abolished the death penalty! The allusion to Robespierre also gave rise to malevolent interpretations, Quiles' remarks also being quoted in full: "We must, however, resist the temptation to indulge in sentimentality," he said. "The Right, through its provocations, is trying to push us into confrontations. We must assess the situation objectively and stay committed to our means and ends. The noise of the Right shrieking at the top of its voice is not what should disturb us. I do not see what right the Right has to give us lessons in democracy and tolerance!"

Paul Quiles, in one of the first speeches, touched on the divisions within the party--and at that point, as by a miracle, the hall was silent. Let us say right away: The Valence congress is also the unity congress: A unity in diversity, in the venerable tradition. Quiles said this Friday afternoon: "If we reach unanimity, that should under no circumstances become the pretext for some kind of reconstruction of our recent history. It would be absurd to deny or efface today the differences and disputes of yesterday. If that were the case, we would have to confess that back then nothing was going on but personal quarreling! Valence must not bury Metz in oblivion for most of us think that without Metz there probably would be no congress in Valence!"

"Not forgetting Metz, in my opinion, does not mean keeping alive past quarrels, anymore than the meeting at Valence signals the end of debate in our party. If it wants to remain itself, in other words faithful to its youthful tradition, the party must remain a pluralistic party, in which solutions to all the great problems of our society and our planet can be proposed and debated."

Gaston Defferre gave the theme of unity a new "twist." Adherents of all the party's "tendencies" broke down in laughter together as he described the "disappearance" of "factions" and their replacement by "sensitivities" (a cooler term): "Comrades, people are telling us now that the party no longer has factions, that there are only sensitivities. How refined! (...) Do the factions no longer hold meetings? We know they have been, and quite recently too."

"What is happening? Something important is happening. We have a socialist president of the republic, a socialist prime minister, a socialist-majority government....

"The truth is that factions or tendencies are natural for us as socialists. We are like that, we are like the French people themselves, we are never in total agreement among ourselves (...) There are sensitivities--this word which replaces factions--there are both visible and invisible sensitivities, but they do exist. On the other hand, we must hold on to our solidarity, and as soon as we recognize that there are some basic differences among us, we will be much stronger and more able to keep our solidarity and much more effective; and above all we will not have any more mental reservations, and I think that is indispensable."

The interior minister concluded a speech which began humourously on a note of dead seriousness: "We are condemned to solidarity, comrades. That is the truth of the matter."

"The truth is that we will all win together or lose together. It cannot happen that only some of us win or only some of us lose. And this is not only true for militants, legislators and ministers, but also for those who belong to the different sensitivities....

"Keep telling yourselves that if we win, the future is ours, but if we lose, we will all be undone."

Michel Rocard: "No Right to Fail"

It was also in a very serious vein that Michel Rocard mounted the rostrum Saturday afternoon to say: "We do not have the right to fail." Echoing Defferre--"yes, we will all win or lose together"--he went on to say: "We are never condemned to maintain solidarity: We do so because we have chosen to do so, we do so because we understand the stakes, we know who our allies are and against whom we are fighting."

On Saturday morning Pierre Mauroy talked about the work to be accomplished. Without panic. For "this is socialism's hour. There is much to do, but we have 5 years, we have 7 years. We cannot change France in 5 or 7 months. For the moment, our job is to formulate the main points of our industrial policy and to program social reforms in accordance with the capabilities of our economy. This will be completed in the coming weeks."

The delegates listened attentively to what the prime minister had to say about the actions the government is taking: "In about 2 weeks, the minister of national solidarity will be asked to present his overall plan for social security reform, which will cover both the institutional structure and the resources to be mobilized to insure its financial solvency in 1982, as well as further improvements in social allowances."

"Finally, we will implement the minister of labor's proposals on workers' social rights, for it must be clearly understood that in a country like France, there will be no economic progress without increased social maturity!"

The delegates were touched when Mauroy stated: "The time of rulers is over. Now it is a time for partners...."

"We are giving the citizens the chance to manage their own destinies by themselves, we are putting in place the instruments that will make possible real democracy; it is time the French people quite waiting for some central administration to solve their own problems! It is time to give them the means to manage themselves."

They felt all the potential locked in their martial spirit when he reminded them that "change is combat." And he added: "The enemies of change, you must clearly understand, do not in reality have any doubt about the consistency of the government's policy: They have understood it, and they have made their choice. They know that we are faithfully and consistently working to keep our promises, and working toward full employment, toward justice, toward economic recovery, toward the redistribution of power. And they reject that consistency, because it means the end of their power and their privileges."

"That is the reality, that is the truth...."

Mauroy concluded, without any alarmism, by calling for people to accept their own responsibilities: "As for the forces of vindictiveness, your own collective action will be the decisive factor in dealing effectively with them, for socialism, if I may conclude by reiterating it, will not come about merely from adding new laws and regulations. Of course, good laws and good regulations will be needed, but what is needed from us is a new attitude--first of all a new attitude toward man's relationship to one another, and also in man's relationship to his machines. This victory will in part be one over ourselves, over our prejudices...."

Michel Rocard also talked about all the qualitative changes the French people are anticipating.

"Is it necessary to be reminded that we have set ourselves objectives that are immensely ambitious? In the first place the French people expect us to repair the damages of the past. We will be judged according to what happens on inflation and unemployment, for this is most serious and most immediate, but in addition our compatriots also aspire to a more just society, where the distribution of money, access to learning and power are no longer controlled by an exclusive and highly privileged class."

"But people in the industrialized world--including the French, along with everyone else--also aspire, more and more, to a better quality of life, they want the natural environment preserved, they want more comfort in their daily round of activities, they want more free time, a more open culture, other forms of recreational consumption than those to which we are bound by existing types of commercializations."

"All these are the reasonable aspirations of the peoples in today's industrialized countries."

"Lastly, and this is perhaps the key to the realization of the other objectives, we are responsible for changing the relation of the individual man or woman to work (...)

"In the long term, the achievement of these objectives will determine whether the socialist transformation we are undertaking in France will have lasting success."

The principal hindrance to transformation: The economic crisis which the minister of planning outlined in detail. He described the "vicious circle into which it has drawn our country." He described the quest for innovation, and posed the question: "I am not sure, comrades, that the party's position on the question of a Leftist monetary policy has yet been fully resolved. There is still work for us to do in all the study committees, for a Leftist monetary policy needs to be based on real social dialogue, in order to apply the right social arrangement rather than prefabricating one in a vacuum. Everything is related to everything else."

"In fact, we see here the whole problem of our relationship to the industrial sector and the employers."

"Prime Minister Pierre Mauroy was speaking about this just now: Unemployment will not be reabsorbed unless the social arrangement is soundly based, and quite possibly this sound basis is being laid right now. But under the present conditions of the balance of power, if we brutalize the apparatus of production, how many more unemployed workers will be the result?"

Chevenement: "We Have the Persistence and Determination"

Jean-Pierre Chevenement also posed questions before an attentive hall: "As Pierre Mauroy was saying just now, we have the persistence. He added: We have the determination. The question I now ask is the following: Is our thinking sufficiently lucid to make change a reality? I think that this congress should enable us to establish the focal points of change, if we do not allow ourselves to get sidetracked."

"You cannot be unaware of the way the bourgeoisie is thinking: It is hoping that with a little laxity, a little inflation, or even with a lot of inflation, we will not be able to stop the mounting unemployment and the bonds now existing between the masses of the people and the government will be dissolved."

"This is definitely what the upper middle class is awaiting: That moment when in effect the Leftist government will no longer have support."

For change to succeed, he believes, we must "move forward more quickly." "Moving forward means taking over control" of the state apparatus. But, "if it is therefore necessary for a certain number of changes to take place, let them take place in an orderly and peaceful way. Believe me, it will do no good to replace a group of officials who, rightly or wrongly, are believed to have ties to the previous regime, with people who at bottom think the same way. It is better to take one's time and put in capable, loyal, solid people, people who can work effectively toward making the people's will a reality."

But stern resolve is still essential for change: "Rigor in thought and rigor in action." In conclusion, Chevenement joked about the notion of a "party in combat boots." "It is perhaps easy to retort that the PS is not a 'party in combat boots.'"

But, in all honesty, that is not really the problem. The problem is to work in such a way that the actions of both government and party work together to anchor France to the Left, to change our lives, to really open the way to socialism. That means, dear comrades, more spirit, more courage, more dynamism, so that this government will truly be your government, so that this regime will be your regime, so that this state will be your state (...)"

Laurent Fabius: "What Is At Stake in This Congress"

Late in the afternoon, Laurent Fabius also discussed the party's role. "Many people," he said, "had a tendency to ask the government to do everything. But in a way this is an illusion, as if the government could do everything, as if it were not itself engaged, at the national and international level, on the same side as those who want change, in a struggle. We must explain this to the French people. We must make them understand that contradictions did not disappear on 10 May, that the resistance is powerful, and, from where I sit, believe me I can see them in their full dimensions; the first target of the people's demands must be the dominant economic powers. This is a government of the laborers, it helps them, it will continue to help them, but employers cannot acquite themselves of all responsibility just by maintaining a dialogue with the government (...)."

According to the budget minister, everything is going to depend on the party. "What is at stake in this congress?" he asks.

"The majority of institutions are in our hands: The presidency, the government, the National Assembly. We have an absolute majority. No institutional accidents should be possible. We have the persistence to succeed, and this will be damned useful as we face the problems ahead.

"The main conditions, and I will even go so far as to say the only conditions, determining whether our policy can be pursued, is thus the cohesiveness of the party itself. This is all the more reason why we should map out a steady course and a clear direction. That is what is at stake in this congress.

"Yes, dear comrades, this is the only thing I do not see changing.

"From the congress of Metz to the congress of Valence, our line cannot deviate, for 2 years ago or 2 years from now it is still a question of holding firm!"

This was also to be the line taken by Lionel Jospin at the conclusion of his closing speech Sunday morning, which was on the subject "We must be the guardians of the program." Everyone in the congress was listening to Lionel Jospin, he had already been talking for half an hour--"Let us avoid excesses," he was saying--when a smoke-bomb thrown into the area where foreign delegations were seated cut short his speech. The first secretary of the party, with great composure, asked the delegates "not to give this incident more importance than it deserves." The participants returned to their places with the greatest composure. In the part of the hall where the device landed, there had been a momentary fear that it was a bomb. The bodyguard of the PLO representative threw himself on it to extinguish it. The provocative act, which Jospin described as "in principle a very dangerous action," was claimed by a "committee of amnestied draft dodgers" who, despite the amnesty, are being obliged to fulfill military obligations which they refuse to do. Once calm was restored, the whole congress sang the "International"...and allowed Jospin to finish his speech.

Lionel Jospin Concludes The Congress

"The factions have not disappeared," he said. "But it is true that they have chosen to get together, and not to take political actions." "Was this done because we are in agreement? In large part, yes. Were there some tactical reservations? It is possible, and I accept this. (...) If we are in agreement on political direction, are we also in agreement on working together to implement it in the conduct of the party? It was this latter question which the party needed to answer (...) If we are all in agreement as concerns the PS, then we are condemned to solidarity for the next 2 years."

On the subject of the heads "to be rolled," the first secretary confessed himself "irritated by the unnecessary verbosity with which some people elaborated on this problem." He added: "In the United States, when the Republicans replace the Democrats, the entire administration is swept clean and, under the spoils system, all the heads roll (...) It is true that France has a different tradition and that the comparison with the United States is imperfect (...) It is simply a matter of demanding from the servants of the state, at every level of the hierarchy, loyalty to the policy approved by the people. It is the political system, the government and the Parliament which express the people's will--not a few high-ranking technocrats or the important officials of public sector enterprises."

On The National Scene, We Fight For The Government

Lionel Jospin then spoke of the problem of the press, which had previously been discussed by Georges Fillioud and Claude Estier. He said that "if we must totally respect its right to do its job, it in turn must agree to respect us." The first secretary talked about his thoughts on this subject that evening during a broadcast from Valence organized by RTL and LE MONDE: "The PS is not taboo, and neither is the press! The newspapers write what they want, but we have the right to dispute it (...) This is not a question of hurling abuse, and I am against that, but when a paper banners "Rubbish!", unless there is an article on page two on "Sweets" or "Delicacies" or "Kindness", it is clear that socialist militants are going to find it unpleasant, to say the least. But, I repeat, I have never hurled curses at any paper and never will I do so."

And, since Lionel Jospin concluded his speech to the congress with a comment on relations between party and government, let us let him have the last word: "I constantly hear it said that the party must oscillate between being a party running the state--in which case it colonizes the state--and a party controlled by the state--in which it becomes the colonial subject. Either I come when Francois Mitterrand whistles, or else Pierre Mauroy jumps when I say call! Neither of these caricatures, these extreme views, is of value to us. We must find the happy medium. We should be guardians of the program. If necessary, we must call on the government to stick with that program, but on the national scene we should fight for it."

9516

CSO: 3100/103

MINOR CHANGE IN STEINER REPORT, HERRERO REPORT ISSUED

Istanbul CUMHURIYET in Turkish 2 Oct 81 pp 1, 7

[Article by Altan Oymen: "Steiner Report Adopted"]

[Text] Strasbourg -- The Council of Europe Political Committee adopted at its meeting yesterday the report and draft resolution, prepared by the committee's rapporteur, Austrian Conservative Member of Parliament Steiner, envisaging postponement until January of discussions on the status of Turkey's membership. The committee made only one change, altering the sentence stating that the Council would bear in mind "developments toward the establishment of democratic institutions in Turkey" to read "developments which may occur."

The change was made upon the proposal of members who said that they were not content with developments so far in Turkey and that it was necessary to await further developments.

The committee's discussions of the report were not as lively as those last May. The most active member of the group opposing the report, the Belgian Dejardin, did not attend the meeting and did not present the motion, of which he had spoken earlier, for adoption of the resolution on Turkey's status at this meeting rather than in January. After hearing criticisms by certain other members, the report was adopted by a large majority, with four abstentions and one opposed.

Meanwhile at the Law Committee, meeting at the same time and still closed to the press, the "statement of opinion" report prepared by Spanish Conservative Presidential Representative Herrero de Minon which follows the basic outlines of the Steiner report met with serious opposition from certain members.

In examining the legal aspects of Turkey's situation, Herrero's report states that it is necessary to "bear in mind the period prior to the military intervention in Turkey." It is noted that "the matters which are being complained of today existed under the old regime also" and that the situation was not much different in the former period, either, from the standpoint of respect for human rights, and passages are quoted from a report published prior to 12 September by Amnesty International. This report, stating that the press is relatively free in Turkey but that journalists censor themselves, contains the view that the people's right to live was nonexistent in Turkey prior to 12 September and that parliamentary democracy was not functioning.

During discussion of rapporteur Herrero's report which he did not attend himself, Swedish Social Democrat Member of Parliament Carl Lidbom said that the report was a political report rather than a legal report and that it contained political assessments instead of reflecting primarily the status of the law in Turkey. He contended that they could not go before the General Assembly with these views.

Spanish Socialist Member Peces-Barba, citing antidemocratic actions in his own country, said, "If the defendants now before the courts for the attempted coup in our country saw this report, they would use it for a defense document."

Danish Liberal Member Bjorn Elmquist also criticized the report on similar grounds.

Italian Christian Democrat Stefano Cavaliere, however, defended the report. "It is necessary to look at all matters of jurisprudence realistically," he said. He related his impressions from his trip to Turkey and called for the committee's statement of opinion to follow the lines of the report.

The result was the adoption of a resolution as follows by the Law Committee:

During discussion of Turkey in the General Assembly tomorrow (Saturday), the chairman, Englishman Percy Grieve, will take the floor following the Political Committee spokesman's defense of the Steiner report and will recount opinion as it stands in the committee, but will report in conclusion in favor of postponement until January of the final resolution on Turkey.

In adopting the view that these discussions should be put off until January, the Law Committee acted on the rationale that it would be better to hear the impressions of the Council of Europe delegation and take a stance accordingly.

Delegation to Turkey

The trip to Turkey by a mixed delegation from the Council of Europe Political and Law Committees, tentatively scheduled for 23 November, was made final following adoption of the Steiner report in the Political Committee. The delegation will be particularly interested in the work of the Constituent Assembly, will talk with all the authorities and will at once prepare a report for both committees upon its return.

Aside from Law Committee members, the delegation will also include as many officers from the Council secretariat as needed.

Herrero Report

The Law Committee met yesterday to discuss the Herrero report and, though unanimity could not be reached on many points, the section on monitoring the situation in Turkey until January and adopting a resolution after that was agreed on. This concluding part of the Herrero report may be summarized as follows:

1. Political, social and cultural standards in Turkey before and after the intervention should be borne in mind.

2. The resolution adopted should be based on the principles of the European Human Rights Accords.
3. Stress should be placed on the practices applied in Turkish courts and the measures taken in self-defense by citizens who have been mistreated -- for whatever reasons.
4. It is necessary to wait until Constitution-drafting efforts get on track.
5. In formulating opinion, efforts to restore constitutional democracy in Turkey should be borne in mind.
6. For the final resolution, to be adopted as a result of the ongoing efforts since the matter was taken up by the Law Committee and the Council's General Assembly, the outcome of the delegation's trip to Turkey should be borne in mind on one hand and, on the other, developments of the situation in Turkey.

8349

CSO: 4654/18

ULUSU STRESSES INDIVISIBILITY OF NATION

Istanbul CUMHURİYET in Turkish 30 Sep 81 pp 1, 9

[Article by Turhan Salman]

[Text] Siirt -- Beginning a 3-day tour of Southeastern Anatolia, Prime Minister Bulend Ulusu said in a public address in Siirt, "The efforts of those who would divide us by using tactics such as the Armenian problem are bound to remain inconclusive." Bulend Ulusu arrived in Diyarbakir yesterday morning accompanied by Public Works Minister Tahsin Onalp, Energy and Natural Resources Minister Serbulent Bingol and Village Affairs and Cooperatives Minister Munir Guney. He was welcomed at the airport by the governor, the VII Corps and Martial Law commander and the Second Tactical Air Force commander, then took a helicopter to Siirt.

Cheered by welcoming crowds along the way, Ulusu then went to the province [building], where he talked with Governor Musa Atik and a group of citizens. He then made a public address.

Ulusu pointed out that after assuming office, his government had engaged in a great struggle against anarchy, terrorism and separatism and had achieved a large measure of success. He then said:

"In past years, there has been an effort, for various reasons, to weaken state authority, especially in our border provinces. On the other hand, economic and social problems tended to increase because of the weakened state authority.

"As a result of the decisive policies pursued by our government, peace and security have been restored in our country and economic stability has been ensured."

Stating that "bad times have been experienced in the past here, as in other regions," Ulusu said, "Lives and families were snuffed out by traitors' bullets, but, with your help, those days are now behind us. From now on, look to the future with hope and confidence."

Ulusu said that the feelings of national unity and cohesion which had reached the breaking point prior to 12 September were being reforged, continuing:

"No internal or external group will be strong enough to divide, to shatter this great nation. Just as those who would divide us and tear us away from the Western world of civilization were able to inject us with the poisons of various

ideologies yesterday, they may attempt tomorrow to pursue their unvarying tactics under the guise of the Armenian problem or some other problem. Our geography has made us the target of these attacks and these ambitions throughout history. And may do so in the future. However, those with these ambitions should know that such efforts are always bound to be inconclusive."

Quarters for Customs Personnel

After his speech, Uluşu visited the Brigade Command, attending a briefing there. The prime minister then left Siirt for a tour of the coal and asphaltite works at Sirnak and Silopi and inspection of the Habur bordergate.

In a speech at the Habur bordergate, Uluşu said, "There is a group of people who would like to disrupt our relations with Iraq. They are involved in these manipulations, regardless of where they take their orders."

Uluşu said, "We had received complaints in Ankara that work was not going well at the Sirnak and Silopi coal works and we see from our visit there that our admonitions are being heeded." He said that the service buildings at the Habur bordergate needed attention again. "What has been done is not enough. The most important problem is for the personnel who work here to feel at home here. It is necessary for the personnel to have facilities such as comfortable quarters, such as housing," he said. He continued as follows:

"We will do this on our side, but there are problems on the Iraqi side also. Truck drivers are having some difficulties. I will be talking about this in Mardin tomorrow (today). We are in very close contact with the officials there. Our relations are going very well. There is a group of people who would like to disrupt our relations with Iraq. They are involved in these manipulations, regardless of where they take their orders. I believe we will eliminate this with the efforts we make."

Facility for TIR Passage to Iraq

Prime Minister Uluşu talked for a while with TIR drivers at the Habur bordergate, listening to their problems. The drivers told Uluşu that they were being harassed in Iraq. The Turkish drivers told the prime minister that TIR drivers of foreign countries give pornographic books to Iraqi customs officers to ensure themselves good treatment. Uluşu thanked the Turkish drivers and said that the necessary contacts would be made to resolve these problems. Uluşu also added that drivers would be compensated for damages suffered in attacks in Iraq. Uluşu then left for Diyarbakir.

8349

CSO: 4654/18

TURKISH PRESS COMMENTS ON 'BRIGHT STAR' EXERCISE

RDF Computability Questioned

Istanbul CUMHURİYET in Turkish 16 Nov 81 pp 1, 9

[Column: "The Truth Behind the Events"]

[Text] Often heard in the world political forum are words used in high policy and global strategy that like sharp swords cut both ways. Sometimes words are dispensed with and current policies are converted into action. Presently a major American Military Exercise is being conducted encompassing the entire west coast of the Red Sea down into the Indian Ocean and over to the Mediterranean and central Africa.

But it goes beyond that. An American military journal close to Pentagon sources has written that the Rapid Deployment Force--which we may refer to as the Mobile Force--deemed necessary for Persian Gulf security, may be based in Turkey. This issue has not been off the news agenda for a long time. Although news sources in Washington and Ankara have long reiterated that the United States has not officially tendered a proposal to Turkey, the topic, nonetheless, heats up with every passing day and serves to reflect Pentagon inclination.

More interesting rumors are plying the speculation market. Circles with over-active imaginations or who prize hypothetical conspiracies assert that Anwar Sadat was assassinated because he destroyed the effectiveness of the Camp David Agreement. When the aura of Sadat, regarded as the hero of a peace agreement that terminated his "combative value," is removed, Washington--free to act--will be able to conduct a new policy in the Middle East modeled on the "Fahd Plan." The "Fahd Plan" has features on which the PLO, Ankara and certain Arab countries would be able to agree.

I wonder how much of these hypotheses are true? And to what extent through large-scale military exercises in the Middle East will the United States pivot from policy to action in its effort to topple the Qadhdhafi government, which it regards as the most radical Arab regime?

It is not easy at present to answer these questions. News and information is scarce. However, fitting Turkey into U.S. policy toward Muslim countries in the Middle East does not appear an easy thing.

There are various reasons for this comment. First, Turkey's heritage and current social structure are obstacles to reconciling its attitude toward the Islamic world with its feelings for the United States. Moreover, Turkey's gradually developing economic relations with Libya, Iraq, Iran and other Muslim countries have reached a level where they impact on Turkish policy. These relations harbor potential.

In summation, at present it is difficult to create in the Middle East an American sphere that could include Turkey within it or establish U.S. bases in Turkey targeted against the Islamic world.

As our father Ataturk said, selling snails to Muslims [idiom: to do something that isn't done] is extremely hard even when you've developed American marketing methods.

'Bright Star' Assessed

Istanbul CUMHURİYET in Turkish 16 Nov 81 pp 1, 6

[Commentary by Ergun Balci: "The Meaning of 'Bright Star'"]

[Text] The "Bright Star" exercise, which has been in the press for days, started with the "glowing statements" of American military officials. News agencies are reporting that American military experts are very optimistic about the exercise. The Associated Press (AP) in a report filed after the exercise began reported that American commanders are very pleased.

That is one side of the coin. But there is also the other side. It may be useful to examine "Bright Star" so as to understand its true meaning.

The military objective of "Bright Star" is to test how effectively the American "Mobile Force" could meet a possible Soviet attack against oil-producing areas of the Middle East.

In this regard no American military expert was as optimistic as we had read in the U.S. press. In other words, there are few who believe that if faced with a Soviet invasion several thousand American troops could be transported thousands of kilometers to be deployed into the region.

The AP was saying on 11 November, "The Bright Star exercise far from demonstrates that when required the United States could deploy large-scale forces to the Middle East." According to AP, former Mobile Force commander General Warner said, "In the event of a Soviet attack, we would have to immediately send at least 2.5 divisions to the region. This is not possible at present. We will be able to attain this force level only after 1985."

According to the INTERNATIONAL HERALD TRIBUNE, there are insufficient transport aircraft to move the large numbers of U.S. troops and weaponry. Of the available 70 C-5 and 234 C-141 transports, only the C-5's can carry Howitzers and medium tanks.

Since American military experts themselves do not accept that the Mobile Force can stop a Soviet invasion of the region, what then is the true meaning of the "Bright Star" exercise that began with such fanfare?

In our opinion one must look not at the military but at the political arena for the exercise's true meaning. The plan to form the Mobile Force started to take shape during the Carter administration following the overthrow of the Shah. At that time the Soviets were not considered to pose a real threat to the region. That is, the primary mission of the Mobile Force was not to safeguard the region from the Soviets but to prevent an Iran-type revolution or leftist uprising in the Gulf countries.

The Soviet intervention in Afghanistan inadvertently gave the White House an advantage. Thereafter it could be announced to the entire world without fear of backlash that a Mobile Force was being established against a Soviet threat. In fact, work in this area gained a major impetus after the occupation of Afghanistan.

It is certainly an interesting coincidence that the Soviets themselves helped give form to the "Mobile" Force" and "Bright Star," both being vehemently criticized by them today.

The "Bright Star" exercise, in our view, must be examined within the series of developments in the Middle East following the death of Anwar Sadat. In fact, while the participation of around 2,000 to 3,000 American troops was originally planned for the exercise, this figure was boosted to 6,000 after Sadat's assassination.

"Bright Star" can thus be viewed as the continuation of a policy that began with the AWACS sale to Saudi Arabia followed by Washington's infatuation with the Fahd Plan. The Reagan administration is trying to win over conservative Arab countries while at the same time thoroughly ensconce itself in the region by giving assurances to conservative Arab leaders. It is significant that Oman, fearing possible reactions from other Arab countries, asked for a reduction in the American units to be landed on its turf. In accordance with White House policy, everything will be done to strengthen the U.S. position in conservative Arab countries. By extension, Syria and especially Libya are to be completely isolated.

Moreover, it is apparent that "Bright Star" will thoroughly exacerbate polarization in the region. As a matter of fact, Ethiopian Head of State Haile-Mariam Mengistu, asserting that the exercise posed a major threat to the region, wants Libya, South Yemen and Ethiopia to adopt a "joint position." Thus, pro-American Egypt, Sudan, Somalia, Oman and Saudi Arabia are aligned opposite pro-Soviet Libya, South Yemen and Ethiopia. It might be equally valuable to assess "Bright Star" from this angle as well.

Sign of Global Disaster

Istanbul MILLI GAZETE in Turkish 15 Nov 81 pp 1, 7

[Editorial by Hasan Aksoy: "War Star"]

[Text] America continues pouring the latest weaponry and equipment into Egypt for the Bright Star exercise.

--from the press

"Disarmament Conferences" that have topped the "world agenda" since World War II and statements on the subject have gradually lost their charm. Those who guide events have even proved unable to keep amusing the public in this area.

A significant amount of human sweat--flowing from the people of undeveloped countries into industrialized ones and there concentrated in the United States and the Soviet Union who are preparing for nuclear war--has been used for the arms race. In the shadow of disarmament conferences a weapons potential has been created that alone could annihilate mankind.

It does not seem possible now or in the future to stop this steadily escalating armament.

Particularly in the "New period" which began with the Reagan administration and the Soviet occupation of Afghanistan, challenges and declarations of war--not words like disarmament--have started to draw attention.

At a time when people are still unable to survive and poverty and injustice are dominant, the Bright Star exercise launched by the United States yesterday in Egypt, Sudan and Oman in the world's most sensitive region has, owing to its scope and nature, focused the attention of world public opinion and sparked protests in various countries.

Undoubtedly this event, with its demonstrated propensity to grow, is a worthy starting place for greater scrutiny by world public opinion. In fact, the large amount of weaponry and American troops, already reported numbering 6,000, dispatched to the Middle East on the pretext of this exercise heightens the possibility of a doctrine of force wherein the Rapid Deployment Force will convert the Sinai into a "second Israel."

There is no doubt that such beginnings, wherein the Middle East and Africa -having significant historical, geographic and economic influence--could trade places in the world balance, have the power to spark a world war. In fact, the wounds spewing blood in Palestine, Eritrea, Cemia [as published] and the Philippines have failed to be bandaged with any sort of justice, equity or humanity. On the contrary, world peace sporting several new wounds like Afghanistan, Lebanon, the Iran-Iraq war, Chad and Uganda has started losing even more blood.

The active meddling of the KGB and the CIA--particularly with A. Haig as U.S. Secretary of State--in the internal affairs of numerous countries, especially Middle Eastern countries, has become even more bald-faced as the result of reciprocal accusations. These secret organizations that cause nations to tear themselves apart while portraying such struggles--resolved in favor of the active forces--as actions successful in producing a pure, clean, thornless rose garden, are responsible for the dogma stating that the masses outnumber those oppressed.

It is for this reason that our world, constantly losing blood from a body cut to pieces, is entering a far graver situation and various countries are becoming great communities of the oppressed.

Economic exploitation doubly intensifies social oppression.

Within this climate arrogant forces and the children of these forces are leveling their insanity upon our world which has become a powder keg. Reagan administration officials, who recently commented that Israeli aircraft penetrated 160 kilometers into Saudi airspace, irresponsibly stated that "the Israelis do not attach much importance to borders." This is extremely worrisome for every human being in a world ready to explode.

The atomic reactor on the outskirts of Baghdad is bombed for no reason. Should no one show serious concern other than the French firms to receive a new contract, then the oppressed will continue to die, torture will escalate. If no one cares enough to pay attention when borders are violated, if utter chaos amuses everybody, if all the world's conflagrations fail to make anyone reflect apart from the cheers raised by those eager to become "war profiteers," then it is impossible to expect any good to come out of all this.

When taking all of this into consideration, it is useful to follow and ponder this exercise not as "Bright Star" but as a prominent "War Star"; it is at least of some good not being caught unaware by catastrophe.

'Bright Star' Viewed as Heavy-Handedness

Istanbul MILLI GAZETE in Turkish 15 Nov 81 pp 1, 7

[Text] Bright Star-82 began yesterday in Egypt. Participating are 4,000 U.S. troops along with Egyptian, Omani, Somalian and Sudanese units. Although the U.S. states that Bright Star-82's purpose is to protect America's friends in the Middle East and safeguard its interests, certain political circles characterize it as a reaction to the hatred shown U.S. exploitation in the Middle East, the rapprochement between Muslim countries and the stance against Israel.

Egypt and certain other countries backing the United States during this exercise, which began yesterday with a U.S. Air Force para-drop into the Egyptian desert, are being accused of betraying "Islamic Unity."

Moreover, the exercise along with U.S. Secretary of State Haig's rather pretentious talk about Turkish and Pakistani friendship as well as his statement that aid to these countries is indispensable--after every string was pulled to get it--have been interpreted not as demonstrations of friendship but "a political maneuver."

PUBLIC ORGANIZATION DIRECTORS ASSUME DUTIES

Athens EXORMISI in Greek 14-15 Nov 81 p 11

/Text/ The new directors and deputy directors of public organizations were sworn in and have assumed their duties. Aris Sisouras, professor of business research at Patrai University, is director of the Social Insurance Foundation /IKA/. He has specialized in organizational matters and in social planning, particularly as concerns the health sector.

1. Sisouras is a member of the PASOK governmental health program and a special consultant to WHO work groups. As president of the Committee for Organizing a Health System he is ex-officio member of the National Council for Medical Research of the Scientific Research and Technology Service. At Patrai University he directs the research group in matters concerning the planning of health and social care programs. The group has been assigned the responsibility of preparing programs for outpatient care, for organizing emergency relief, for Emergency Assistance Centers /RAV/, for solving the pharmaceutical problem, etc.

Sisouras, 42, was born in Fokis. He was active in democratic and political struggles during his student years here and abroad. He has been a member of PASOK since its inception with steady participation in activities of local committees and the professional branch of the movement. He is a member of the presidium of the Movement for National Independence, International Peace and Disarmament.

2. Manoli Bendeniotis is IKA deputy director. He is a lawyer specializing in civil and social law and is a special contributor to newspaper and magazines. Born in Troizin, he studied political sciences at the Pandeios Supreme School of Political Sciences /PASPE/ and law at Salonica University. He studied public administration at PASPE, business administration at the Supreme School of Economic and Commercial Sciences and regional development at PASPE's Regional Development Institute. He worked for the Analysis and Planning Committee for the PASOK governmental planning work group for social insurance. A cadre of the Greek Democratic Youth /EDIN/, he participated in the Second Irreconcilable Struggle of 1965-66 and was persecuted by the dictatorship. He is a founding PASOK member.

3. Theodoros Katsanevas is director of the Labor Force Employment Organization /OAE/. He was born in Athens in 1947 and received his doctorate at the London School of Economics specializing in labor and syndicalist affairs. He received a master's degree in labor relations at Warwick University in England and is a

graduate of the Piraeus Supreme Industrial School. He was lecturer at the London Thames Polytechnic School and, on assignment by ILO and EEC, prepared studies on various subjects of his specialty. He has published articles on labor subjects in O OIKONOMIKOS TAKHYDROMOS and other publications. While working at the Center for Planning and Economic Research he prepared a study on "labor relations in Greece." He published the book "Modern Syndicalist Movement in Greece" and is president of the Supreme Industrial School Alumni Association.

Katsanevas was an EDIN cadre before 1967. When the coup took place [21 April 1967] he was arrested, mistreated in front of Piraeus crowds and referred to the military administration. He participated in the counter-revolutionary Democratic Resistance Committee. He was a member of the Panhellenic Liberation Movement [PAK] branch in England and a PASOK member since 1974. He participated in various PASOK activities and especially in the preparation of the program in the employment sector as well as in the area of syndicalism, working conditions and collective bargaining.

4. Georgios Birdimiris, director of the Greek Housing Organization [OEK], is a civil engineer and member of the Technical Chamber of Greece Commission and of the PASOK Committee for Self-Organization and Local Problems [EATOP]. As a student (1958-1963) he was active in student societies and was a member of the League of Greek Democratic Youth. In the First Irreconcilable Struggle he was a member of the Center Union Youth Organization and secretary of the student branch at the [Athens] Polytechnic School. In the dictatorship years he served in the Political Office of Premier Georgios Papandreou. During the Second Irreconcilable struggle he became an EDIN founding member. He was arrested by the junta and detained by the security forces. He was a member of the counter-revolutionary Democratic National Resistance Movement. When democracy was restored [1974] he joined PASOK and served in EATOP and the election campaign.

5. Georgios Psarakis, director of the Farm Insurance Organization [OGA], was born in Arkalokhori of Irakleion, Crete, in 1919 and attended the Supreme Commercial School. He farmed in his hometown and took an active part in trade unionism and politics. A PASOK cadre since 1974 he was a candidate in the post-junta elections and was elected deputy in the Irakleion district.

6. Vaso Papandreou is director general of the Hellenic Organization of Medium and Small-Sized Enterprises and Handicrafts. She was born in 1914 in Valimitika of Aigion and attended the Supreme Commercial School. She did postgraduate studies in London where she joined PAK and became active in politics. She is a PASOK founding member and a member of its Central Committee. She was active in many committees of the movement.

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BIOGRAPHICAL INFORMATION ON NEW BANK GOVERNORS PUBLISHED

Athens TA NEA in Greek 6 Nov 81 p 3

[Text] By decision of Premier Andreas Papandreou the appointments of senior officials in various banks were almost completed yesterday. Specifically:

G. A. Mangakis and economist K. D. Georgoutsakos were appointed governor and deputy governor respectively of the National Bank of Greece [ETE].

Economists N. Skoulas and K. Sofoulis were appointed governor and deputy governor respectively of the National Land Bank of Greece [EKTE].

Economist D. Khalkias was appointed deputy governor of the Bank of Greece, while V. Kafiris was appointed deputy governor of the Agricultural Bank of Greece [ATE].

Economist N. S. Agiorgitis and Professor K. Vaitos were appointed presidents [of the Administrative Councils] of the Ionian and Peoples Bank of Greece [ILTE] and the Commercial Bank of Greece respectively.

A common feature of the new governors and deputy governors of the banks is that all hold degrees in economics from known universities abroad. [Following are their brief biographical sketches:]

G. Al. Mangakis
ETE Governor

Professor of criminal law and former deputy, George Alexandros Mangakis was born in 1922. He studied law at Athens University and in 1954 received his doctorate at Munich University. The following year he was appointed assistant professor of penal law at Athens University and in 1969 became full professor. From 1972 to 1974 he taught penal law and philosophy [sic] at Heidelberg University.

Mangakis participated in the National Resistance (1941-44) and was energetically opposed to the colonels' dictatorship. In February 1969 he was suspended from his professorship and in July was arrested for bomb planting. He was tried with the 34 [members] of the Democratic Defense and stayed in prison until 1972. When the democratic rule was established [1974] he became public works minister in the National Unity Government. In 1974 he was elected deputy with the Center Union-New Forces Party.

Vasilis Kafiris
ATE Deputy Governor

He was born in Andritsaina of Olymbia in 1932. He studied economics and law at the Supreme School of Economic and Commercial Sciences [ASOEE] and the Salonica University Law School. Under a scholarship he attended the graduate school of Indiana University in the United States. He taught economics and business administration for 10 years at Indiana University and the Indiana Central University.

During the dictatorship he participated in the struggle against it as a member of the Panhellenic Liberation Movement [PAK] of which he was a key cadre.

K. D. Georgoutsakos
ETE Deputy Governor

He was born in Athens in 1930. He is a graduate of ASOEE and received his doctorate in economics (monetary and credit policy) at Bristol University in Great Britain. He is a Bank of Greece employee since 1959 and has served in the Directorate of Economic Studies. Since 1974 he has been chief of the currency, credit branch and is responsible for recommendations to the bank's administration on matters of currency and credit policy.

Kostis Vaitzos
President, Commercial Bank of Greece Administrative Council

He is professor of political economy at Athens University as well as professor of economic development affairs at Sussex University in England and teaches developmental studies at the same university.

He was born in 1942 and studied economics at Yale and Harvard where he received his doctorate. He also received his MA degree from the Harvard School of Business Administration.

He served as president of the Advisory Council for Scientific Research and Technology and is a senior UN advisor to third world countries on matters of policy and negotiations with multinational companies.

Nik. G. Skoulas
EKTE Governor

He was born in 1930 in Khania. He studied at ASOEE and received his master's degree at Berkeley University in California and his doctorate at Simon Frazer University in Canada.

He served (1958-1963) in the Tobacco Institute. Since 1966 he has been employed by the Canadian government in various positions: in the Statistical Service, the Consumer and Business Ministry, the anti-inflationary council and the Canadian government economic council.

Nik. J. Agiorgitis
ILTE Administrative Council President

He is a 53-year-old economist born in Kastanitsa of Kynouria and graduated from ASOEE and McGill University. He is an executive member of the American Institute of Management and the Canadian Institute of Management.

He works as senior executive of the American Express Bank and the Hellenic Industrial Development Bank [ETVA] from which he was dismissed by a dictatorship decree. He escaped to Canada to avoid arrest because of his antidictatorial activities. During the occupation he participated in the armed National Resistance and was wounded thrice. During the dictatorship he participated in PAK activities.

Kostas Sofoulis
EKTE Deputy Governor

He was born in 1937 and studied economic sciences at the University of Athens. He speaks English, French, Italian and Spanish. In 1967 he came first among many applicants to the State Scholarships Institute and with a scholarship followed post-graduate studies abroad. He was accepted for the M. Phil [sic] program at Oxford University's Balliol College but did not enroll because on 22 October 1967 he was arrested and imprisoned for 4 years for antidictatorial activities (1967-71).

In 1974 he served as member of the Ministry of Education and Religions Work Group for studying ways for modernizing education and for social services research. He was employed in newspapers and encyclopedias and served as economic advisor to the Ministry of Coordination. In 1974-78 he served as chief of the economic studies section and in 1978 was appointed assistant to the director general of the Public Enterprise for Town Planning, Housing and Shelter. In 1980 he was appointed professor at Illinois University.

Dim. I. Khalkias
Bank of Greece Deputy Governor

He was born in the Apidia village of Lakonia in 1925. He graduated from ASOEE and followed postgraduate studies at Cambridge University, England.

He served in the Ministry of Coordination from 1951 to 1954. In 1957 he was appointed to the Bank of Greece and served in the Directorate of Economic Studies. In August 1974 he was appointed economic advisor to the Bank of Greece. He is a member of the Committee of Alternates for governors of central banks in EEC countries and has served as alternate governor for Greece in the International Monetary Fund.

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ANALYSIS ON PLANNED ABOLISHMENT OF ENTRANCE EXAMINATIONS

Athens I VRADYNI in Greek 2 Nov 81 pp 5,14

[Text] Sociology Professor Ioannis N. Xirotiris, in a series of articles under the title, "Free Education or Free Illiteracy," which were published in the educational column of VRADYNI a few months ago, wrote:

"Equalization, in other words, equality at every class level of man is impossible; it is a romantic utopia. It is not possible for anyone to democratize the entire spectrum of human activity... For instance, we cannot ignore the principle of worthiness. It is indispensable; it means the quality of life which societies need as much to exist as to develop and progress. It is necessary to maintain the principles of excellence inflexibly. They are indispensable premises for the progress of a State, of a society. Free education for all, within our sociopolitical system, is not a matter of just equality nor a matter of equal opportunity of progress for all. It is a matter of modern Greek demagoguery for the procurement of voters or clients, a deception, perhaps, of social equality. It is a grievous challenge to the substance of democracy, the noise of a token social gesture with an even more grievous dose of hypocrisy".

What Mr. I. Xirotiris, the distinguished educator whose contribution to education is enormous, is stressing--and no one can challenge his objectivity, his impartiality, and his deep commitment to democratic principles--can best be answered by the recent announcements of the PASOK government regarding the educational policy which it intends to follow wherein no choice will be made among children.

Without the Necessary Prerequisites

As is known, the new government in implementing its "declaration of governmental policy" formulated when it was in the opposition and contained in the "green book," announced, five days ago, that the entrance examinations from junior high school [gymnasium] to senior high school [lyceum] will be abolished as of the current year and, at the same time, the students who failed the examinations this year will also be admitted. The manner for changing the system of final examinations [Panhellenic] is also under study. During

the first meeting with the representatives of the press, the new leadership of the Ministry of Education announced that "Within a very short time--perhaps within 8-10 days--the abolishment of the entrance examinations for senior high school and the admission of those who failed them, will be made official through the necessary resolutions and acts. These resolutions will deal in detail with all the secondary (!) matters connected with the new decree."

The "New Democracy" responded to these statements by declaring that "In this manner, the future of the students is placed in jeopardy. This is true for those who will be admitted to the senior high schools after having passed the examinations as well as for those who will now be admitted without having the necessary minimum prerequisites."

In a communique' answering the "New Democracy," the new administration of the Ministry of Education, among other things, stressed that "The Education Ministry...after a careful study of the data gathered by its agencies, (Ed. note: the fact that the AGENCIES of the Ministry of Education were able to carefully study the data in five days is worthy of admiration!! Unless by "study of the data" the announcement of the new administration of the Ministry of Education means the careful...reading of the "green book" of PASOK) announced the abolishment of entrance examinations for senior high schools and would make the announcement official within a few days. In addition, it announced that a resolution of the 'out-of-school' student problem should be arrived at immediately, before the school year is too far gone, decide what needs to be done regarding this serious matter and face this issue this year.

"The 'New Democracy,'" the new administration of the Ministry of Education reports, "is worried about the 'good' students. We are worried about all students. The educational policy we seek to pursue does not make a choice between students and here is where we differ."

The Creation of False Impressions

This new statement of the Education Ministry provoked a strong response by the "New Democracy" which, in an announcement made day-before-yesterday, emphasized that "It is certain that the abolishment of examinations for the admission of students to the senior high school will per-force lead to the downgrading of studies and the creation of false hopes for those students who do not have the necessary potential to pursue a senior high school curriculum and their parents." The "New Democracy" says that the question will be asked of the Ministry of Education, "When will these students become aware of their inability to meet the demands of the final examinations or whichever other system of validation, PASOK may study? If at some point they become aware that they have followed the wrong path, deluded by the easiness, which is today given to them, where are they going to turn? To the new type technical schools which they might have attended perhaps?"

Yes or No to the Abolishment

Yes or No then to the abolishment of entrance examinations for senior high school and the admission of those who failed? Our view, which will be analyzed later on with all the factual data, is that, on the one hand, the PASOK is playing demagogic politics in the especially sensitive area of education that have no relation to reality because they change the concept of equality to that of uniformity; on the other hand, the "New Democracy" committed serious errors by sanctioning a type of entrance examinations which were not based on any logical or educational concept.

Certainly is impossible for us to refer in detail to everything PASOK intends to put into practice in view of the fact that it has not yet been made public as to how these issues are going to be resolved (not secondary issues as the new leadership of the Ministry of Education maintains, but primary if not actually "burning") which are part of the new legislation. We will await the decisions first in order to analyze them and to pass judgment with complete objectivity and within the framework of reality. Today, we will simply offer some questions for which the reader can reach his own unbiased conclusions.

"The problem has been studied and we believe that there will be no issue which will substantially impede this decision (the abolishment of examinations), which the Ministry of Education has made, as far as providing classrooms and teachers (for the students)," Mr. P. Moralis, deputy minister of Education, said to the representatives of the press. In order to corroborate his statement, he called to mind the following statistical data from 1977 up to, and including, 1981, concerning the students who finished junior high school, those who took the entrance examinations, those who passed, and the percentage of those who failed. According to these data,

In 1977, 87,604 students received junior high school diplomas. 81,902 took the examinations and 72,155 passed them. Percentage of failure: 12 per cent.

In 1978, 87,200 students received junior high school diplomas, 83,223 took the senior high school examinations and 72,616 passed. Percentage of failure: 12.7 per cent.

In 1979, 95,434 students received junior high school diplomas. 91,699 took the entrance examinations and 80,316 passed. Percentage of failure: 12.4 per cent.

In 1980, 105,082 students received junior high school diplomas, among whom 100,222 took the senior high school examinations and 85,403 passed. Percentage of failure: 14.07 per cent.

In 1981, (the current year), 117,189 students received junior high school diplomas among whom 110,414 took the entrance examinations and 98,499 passed. Percentage of failure: 10.8 per cent.

As can be deduced from the above, 6,000 students do not choose to continue the second phase of secondary education (senior high school) once they have completed junior high school; in other words, they have finished their mandatory nine-year education. On the other hand, among those who take the senior high school entrance examinations, the percentage of failure fluctuates between 11 and 12 per cent, which is normal.

Competition is Abolished

With PASOK's decision, every concept of competition is abolished. Everyone, those capable and those incapable, will drift towards uniformity which means the loss of individuality and will evolve into "free illiteracy," as Professor Ioannis Xirotiris emphasizes and adds, "This we call democratic equality!!"

Moreover, as of this year, according to the decree of PASOK, with the abolishment of examinations, the 12,000 students who failed them must be admitted. Where will the classrooms be and where will the teachers come from to instruct these students THIS CURRENT YEAR?

Deputy Minister Mr. P. Moralis said, "According to our calculations, there is no danger of overcrowding, but we are prepared to face it." However, he did not explain HOW the problem is going to be solved.

While PASOK was in the opposition, it and the leadership of its lackey, the Federation of Secondary School Teachers (OLME), were complaining about the shortage of classrooms, the unsuitable schools, and the insufficient number of teachers. And there is no danger of overcrowding now?

At this point, we must say that independently of the many mistakes made by the "New Democracy" in the area of education (the most serious of which was to permit its educational policy to be carried out mainly by individuals who were opposed to it), the fact is that during the five-year period--1976-1981--16,000 new classrooms were made available which is four times as many (4,300) as those available during the 1965-1975 decade, and demonstrates its intention and determination to meet the need for school buildings.

Naturally, this did not entirely solve the problem because it was impossible to solve it. The lack of classrooms has always been an acute problem. With the increase in student population during recent years and the extension, from 6 to 9 years of mandatory education, this problem has become even more acute. But this had already been foreseen by the "New Democracy" government, which planned to build another 16,000 classrooms during the next five years.

Politics of Demagoguery

How is the problem going to be solved THIS CURRENT YEAR now that the student population has increased? And when were PASOK and OLME [Federation of secondary School Teachers] telling the truth? But there is another problem:

Adding 12,000 students (those who failed the senior high school examinations)

during the current school year means that there automatically be required at least 1,500 additional teachers in all courses in the new districts that will be created. Will they be appointed within the months of November or December of the current year? Who is going to teach these students? The teachers we have today? But, (according, after all, to the complaints of OLME up until now) there is an insufficient number of teachers to instruct those students already enrolled.

The questions are simple. The area of education--as we have emphasized--is especially sensitive. And the politics of demagoguery have no connection to reality.

To be sure, the parents--at least the majority of parents--received with satisfaction the announcement regarding the abolishment of examinations and the admission of those who already failed. This is entirely natural and human. Every parent wishes his child to advance in his studies and to be assured of a "piece of paper," whether his child has the potential or not. Whether tomorrow it (this paper) will have any value is besides the point. Today he does not think about it. There is something which is even worse: many students let the announcements of PASOK regarding the abolishment of examinations "lure them to Easy street" and this has diminished their interest in studying. We were told this by parents who were called in by the schools to be informed about the progress of their children during the first two months.

Mass Admission

"... I am curious and perplexed to discover how it was possible to reconcile the decree to promote the students en masse with the scientific fact of the existence of mental slowness in a certain number of students. Can it be true that no one thought about it? And if they did think about it, how is it going to be resolved? (Ed. note. Surely the declaration in the "green book" that "additional tutoring within the public schools is to be given to those students who need it" is so ridiculous and out of touch with reality that only as the epitome of demagoguery can it be said that it will be realized. Here we have teachers who, instead of teaching, say, "Read the next five pages" and PASOK tells us that they will devote extra hours to tutoring?) I think we believe that we are Wisdom's chosen people and this leads us not to face certain things with simplicity, practicality, and reality.

"Thus, I believe, that the promotion of all the students will greatly upset not only the schools, but society in general. And this because the mentally slow (by one or two years) students will not be in a position to follow the courses at the higher level because of their mental condition, and, therefore, they will appear in class as two types:

"Either they will be inactive, non-contributing and incapable nonentities, whose presence in class will go totally unnoticed, or they will be "trouble-makers"--undisciplined and anti-social--with the serious threat of carrying out this behavior outside of school, when, because of having been "pushed,"

they finished their mandatory education and senior high school, which they will have entered without examinations; they will by then have caused unhealable wounds... It is impossible for them to have normal reactions similar to those of the majority of the students.

"I do not think that this issue is so simple, even if the number of these students were small. Because we must add to this number, the "others" who will be looking for a pretext to imitate the trouble-makers. We must not forget that we Greeks are 'a little' imitative, plus the fact that the joy of the forbidden delights us and that most of the time we try hard to distinguish ourselves by unorthodox ways and means. Thus, the few evil ones will be followed by many more and this fact requires special attention."

Even Here There Are Responsibilities

As we previously mentioned, if PASOK is today engaged in politics of demagoguery then the "New Democracy" made unpardonable mistakes by establishing a type of examination which was not supported by any logical or educational concept. And this is absolutely true. It was anti-educational and unjust to require a student who obtained high grades, such as 18, 19 or 20, in three subjects in the June entrance examinations and failed the fourth, to be forced to retake ALL four examinations in September while another student who obtained the minimum passing grade, 10, in all four subjects was considered to have passed. This system needed to be changed but not abolished.

The "New Democracy" made many more mistakes on the subject of education. However, problems that PASOK claims piled up in the Ministry of Education are not to be attributed to the "New Democracy," but to many anti-government figures who belonged to PASOK and KKE and who, during the previous administration, deliberately undermined its work. Thus, we arrive at today's mass production and the elimination of quality which the present officials of the Ministry of Education want to impose and who ignore, or are not in a position to understand, that, as Sociology Professor Ioannis Xirotiris very aptly puts it:

Demagoguery Even Here

"Excellence with worthiness as a criterion not only does not circumvent equality, but, on the contrary, supports it. Equal opportunities yes, but uniformity of results can never exist. When most people in our country speak about equality, and they speak about it with great pleasure, they do not have the faintest idea about what this equality is or whether a completely equal society could ever exist or how to define the meaning of a society with full equality.

"Today's Greek politicians, when they talk about equality and social justice, know fully well that they curry the favor of the people, that they use demagoguery, as in the case of so-called free education and the equal opportunities for development and its inherent consequences."

END OF

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